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ATION'S

BUSINESS



CELANESE cites these 5 advantages of Bell System Teletypewriter Service

PRIVATE LINE Teletypewriter Service connects the New York headquarters of Celanese Corporation with a warehouse in the same city and a plant in Cumberland, Maryland. Four years' usage has proved that the Service provides five major advantages:

1 SPEED AND ACCURACY in transmitting orders and messages. Orders received in New York are teletyped to Cumberland and production begun the same day. Four copies of each order are made at each end in one typing—no time lost, no errors made in transcribing.

2 UP-TO-THE-MINUTE INVENTORY. Shipping and production reports are teletyped to New York every day. This provides an accurate, up-to-the-minute inventory—permits centralized purchasing, production control, and co-ordinated sales action on slow-moving merchandise.

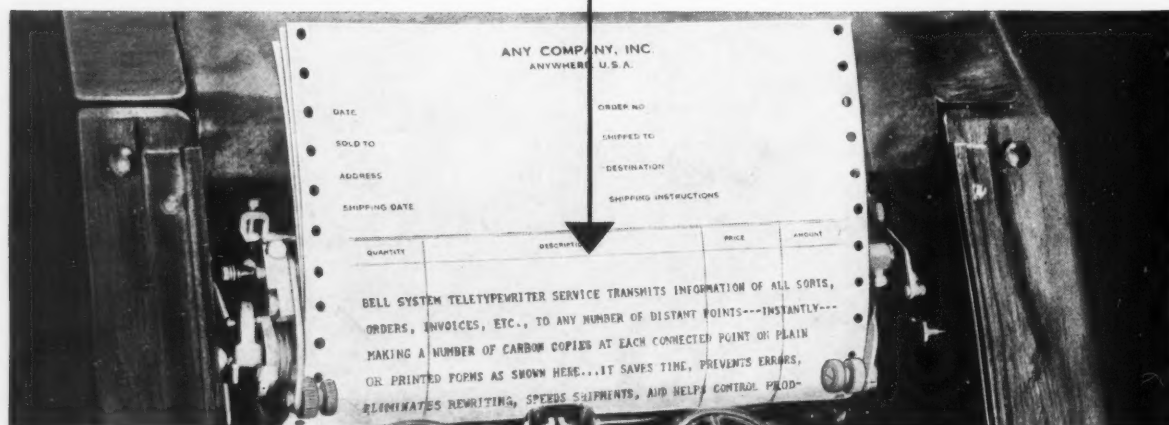
3 QUICK ACTION ON ORDER CHANGES. Increases, decreases, cancelations, or revised shipping instructions are immediately relayed by teletype

to the right department. Customers are quickly advised of the exact status of their orders. This builds good will through better service.

4 CLOSER CONTROL OF DYEING AND FINISHING. Specifications are teletyped from New York as soon as received, enabling the plant to lay out and maintain an advance production schedule. When dyed samples are submitted, approval or rejection is sent at once. The teletypewriter has cut dyeing costs and speeded up completion of dyeing processes—thus deliveries are moved ahead as much as three days.

5 IMPROVED WAREHOUSE OPERATION. Reports of merchandise shipped from Cumberland are received at headquarters early each morning, recorded, and relayed to warehouse. Prompt information enables warehouse to lay out daily working schedule, handle incoming freight faster, and give preference to rush orders.

Bell System Teletypewriter Service is so flexible it can probably be applied with equal profit to certain operations of your business.



"A Cattle Buyer Has to keep Costs Down..."



CERTIFIED INTERVIEW WITH TOM CANTY
MEAT BUYER, SAN FRANCISCO

HERE'S ANOTHER experience which shows why business is switching to Plymouth... all over America... for low-cost transportation.

Tom Canty is buyer for one of San Francisco's large wholesale meat firms—Baumgarten Brothers. Hear him:

"This is our tenth Plymouth... we operate five today. And accurate records show our Plymouths save plenty on gas, oil and upkeep.

"What's more, they're reliable transportation... the cars stand up.

"Our trips often take us over back roads... mountain roads... driving that makes a man appreciate Plymouth's power, handling ease and comfort.

PLYMOUTH GIVES US THE LOWEST-COST TRANSPORTATION WE'VE EVER FOUND!"



TOM CANTY (left) and 1936 Plymouth.

"And we pay attention to safety, too... genuine hydraulic brakes and Safety-Steel body have a lot to do with our choice of Plymouth."

Business is finding out it's good business to "Look at All Three." Ask your Chrysler, Dodge or De Soto dealer for the facts and figures!

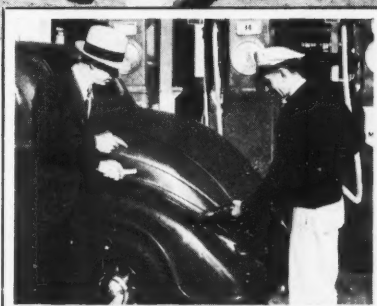
PLYMOUTH DIVISION OF CHRYSLER CORP.



"OUR PLYMOUTHS OFTEN TRAVEL back roads, even across country...and they sure stand up to it."



"MEAT BUSINESS MARGINS are close...costs must be kept down."



"ACCURATE RECORDS show Plymouths cost less to run...for oil, gas and upkeep."

Insist on the Official Chrysler Motors
Commercial Credit Company
6% TIME PAYMENT PLAN

Available through all PLYMOUTH Dealers
You pay for credit accommodation only $\frac{1}{2}$ of 1% per month on your original unpaid balance.
To arrive at your original unpaid balance: 1. Add cost of insurance to cost of car.* 2. Deduct down payment—cash or trade-in.

Result is Original Unpaid Balance.

*In some states a small legal documentary fee is required.

PAY \$25 A MONTH—INCLUDING EVERYTHING

\$510

AND UP, LIST AT
FACTORY, DETROIT
SPECIAL EQUIP-
MENT EXTRA

PLYMOUTH BUILDS GREAT CARS

HOW Firestone TIRES CUT OPERATING COSTS

WIDER, FLATTER
TREAD WITH MORE
RUBBER ON THE ROAD
*Gives Greater
Mileage*

TWO EXTRA LAYERS
OF Gum-Dipped CORDS
UNDER THE TREAD
Locks it to Body

Gum-Dipped
CORD BODY
*Prevents Internal
Friction and Heat*

TWIN BEADS WITH
SAFETY-LOCKED PLYS
FOR LONG *Trouble Free*
Service

CERTAIN construction features must be built into tires to give you greatest safety and lowest cost per mile.

To make Firestone Tires blowout-proof, the cord body is built up of Gum-Dipped cords. To give you greatest non-skid safety and long mileage, the Firestone tread is scientifically designed, with a flatter contour and more rubber on the road. There are two extra layers of Gum-Dipped cords, to lock the rugged tread securely to the Gum-Dipped cord body.

Firestone Truck Tires are the only tires made that give you all these exclusive advantages.

Equip your trucks with Firestone Tires and start cutting your operating cost today. The nearby Firestone Auto Supply and Service Store or Firestone Tire Dealer is ready to serve you.

Listen to the Voice of Firestone—featuring Richard Crooks, Nelson Eddy—with Margaret Spears, Monday evenings over Nationwide N. B. C.—WEAF Network

© 1935
F. T. & R. Co.

Can you do the "COMMON CENTS PUZZLE" in 6 minutes?

The Start

Row A



The Finish

Row B



The Problem: Take 4 pennies and 4 nickels. The problem is to move two adjacent coins at a time, in four moves, so that the coins look as they do in Row B—with no spaces separating them.

The Answer: The Preferred Accident Insurance Company of N. Y. will send you—free—the solution of the "Common Cents Puzzle" together with a free copy of "After-Dinner Entertainment." You and your friends will get a lot of fun from this clever puzzle book.

A few words about Common Sense and the "Preferred" Automobile Policy

Since 1885, The Preferred Accident Insurance Company of N. Y. has paid—promptly—millions of dollars for and to its policyholders. Yet, anyone may not own a Preferred Automobile Policy. He must prove that he is *entitled* to it . . . that he is a "Preferred risk."

Once accepted, the Preferred policyholder keeps his policies because he *knows* that The Preferred's ultra-conservative way of doing business protects him . . . guarantees his peace of mind. Preferred policyholders never worry about the future. They *know* that The Preferred positively

will provide protection . . . Let's talk common sense. *You may be entitled* to a Preferred Policy*. Find out! Get in touch with a Preferred Man in your city. To him, no insurance problem is a puzzle.

THE PREFERRED ACCIDENT INSURANCE COMPANY OF NEW YORK

80 Maiden Lane, New York, N. Y.

Established 1885

*The Preferred issues Automobile, Accident, Burglary, Plate Glass and Golf Insurance Policies—only to "Preferred risks."

The Preferred Accident Insurance Company of New York,
Dept. N1, 80 Maiden Lane,
New York, N. Y.

Send answer to "Common Cents Puzzle," and FREE "After-Dinner Entertainment" book.

Name.....

Street.....

City.....

State.....N1

CAST IRON *is the standard material for water mains*

The following tabulation shows the percentage of cast iron pipe used in the water distribution systems of the 15 largest cities in the United States as reported in 1935 by their Water Departments.

CITY	PERCENTAGE
New York	97.2
Chicago	100.0
Philadelphia	98.3
Detroit	98.7
Los Angeles	74.0
Cleveland	98.9
St. Louis	98.7
Baltimore	99.7
Boston	99.8
Pittsburgh	97.9
San Francisco	76.8
Milwaukee	100.0
Buffalo	99.8
Washington D.C.	98.8
Minneapolis	95.8



Our 15 largest cities depend almost exclusively on cast iron pipe for water distribution mains

ONE of the greatest investments in public service made by any community, large or small, is in pipe for water mains, the cost of installing it, and the pavements which cover it. More than 95% of the pipe which distributes water to the 24 million residents of our 15 largest cities is cast iron pipe. The reason is that cast iron pipe can be laid and forgotten for a century. It is not only the most economical measured by length of service but in maintenance cost and street repairs as well.

Cast iron is the standard material for water mains. Its useful life is *more than a century* because of its effective resistance to rust. It is the one ferrous metal pipe for water and gas mains, and for sewer construction, that will not disintegrate from rust. Available in diameters from 1¼ to 84 inches. For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1014 Peoples Gas Building, Chicago, Illinois.

CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS

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VOLUME 24

NUMBER 4

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THE FOUNDERS OF OUR COUNTRY *were among the founders of* MUTUAL FIRE INSURANCE



This seal identifies a member company of The Federation of Mutual Fire Insurance Companies and the American Mutual Alliance. It is a symbol of soundness and stability.



● We are doubly indebted to two of the gentlemen who signed the Declaration of Independence . . . John Morton and Robert Morris. Almost a quarter of a century *before* the signing of that great document, these men were members of that significant Philadelphia group who met to form the first Mutual fire insurance company in America!

The plan of these men was to protect themselves from loss by fire . . . to protect their *own* homes, in their *own* time. But the important and very fortunate fact is that these 18th Century Americans planned *so well* that their plan survived, in all its wisdom, to benefit Americans of the 19th and 20th centuries as well!

This principle behind Mutual fire insurance can be simply stated: it is nothing more nor less than a plan which definitely provides the greatest possible protection at the lowest possible cost. Mutual fire insurance companies are organized and operated for the good of their policyholders *exclusively*. Their constant effort is to reduce the cost of the insurance by reducing the losses. To this end, Mutual fire insurance accepts only the better risks, and then follows-up with intelligent fire prevention work among its policyholders. These measures produce substantial savings which are returned to the policyholders at the end of each year—year after year!

Specifically . . . the 75 selected members of the Federation of Mutual Fire Insurance Companies, with billions of dollars worth of insurance in force, *have returned more than \$135,000,000 to their policyholders in the past ten years.* A list of these Federation companies, and a most interesting and readable booklet, will be sent to you upon request, with no obligation whatever.

**FEDERATION OF
MUTUAL FIRE INSURANCE COMPANIES**
919 NORTH MICHIGAN AVENUE, CHICAGO

MUTUAL FIRE INSURANCE

An American Institution

WHY THEY USE ALLEGHENY STEELS

Good for a lifetime . . .

THERE WILL always be plenty of buyers and builders who look at an investment in mechanical equipment from the long-term angle; even in times when the business horizon is dim, and there is strong temptation to salve the present with the shoddy or makeshift, hoping that a brighter future will provide the means for replacement.

The time-tested Allegheny Metal, and other Allegheny Stainless Steels, owe much of their industrial success to the fact recognized by every far-sighted executive: that heavy maintenance and depreciation costs, tacked on to the initial cost of cheap and ill-suited equipment, actually make it a purchase of the wildest extravagance.

Allegheny Stainless Steels have entered industry after industry, to handle service conditions with ease that once were the despair of the management. Textile equipment built of Allegheny Metal is now in its sixth year with no sign of deterioration; ordinary steels would not last a year. A roof, formerly replaced every few years, is now nine years old and good as new. Essentially, the same is true of *all* Allegheny Stainless Steel equipment.

Who can say what the end will be? It is not yet in sight. After all, stainless steels in America are only a few years old; Allegheny pioneered them. Suffice it to say that equipment fabricated from Allegheny Stainless Steels soon repays its wise purchaser, in some cases many times over, through the savings it effects in cleaning, maintenance and depreciation costs, and through the uninterrupted operation it permits.

ALLEGHENY METAL—the time-tested stainless steel of universal application — is a product of ALLEGHENY STEEL COMPANY, Brackenridge, Pa.; which also manufactures electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Son, Inc. Warehouses, by Union Hardware & Metal Co., Los Angeles, and by American Brass & Copper Co., San Francisco, Oakland.

Allegheny Metal is licensed under Chemical Foundation patents 1,316,877 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

A ghost carries on

BY REPORT of the Civil Service Commission, aggregate personnel of the civil executive branch of the federal Government at the end of 1935 was 815,789, with a net monthly pay roll of \$125,631,309. These figures do not include employees of the legislative, judicial, or military branches of the public service.

Regular agencies or departments and offices in existence before March, 1933, had a pay roll of 607,359 names. New agencies of the executive branch of the federal Government had 55,600 employees. Emergency agencies and agencies under the works' program had places for 152,830 persons. These new and emergency agencies added 11,000 employees to their rolls in December. Including the regular agencies, a net increase of 15,690 was reported for the entire executive branch.

As for the supposedly moribund NRA, 2,422 survivors were still drawing pay. Subtraction of 186 names, seemingly, was the best that could be done toward demobilizing this outlawed agency.

A landmark for the ages

LIBERTY, on the word of the Department of the Interior, is still an attraction in these states. In a two weeks' period, says a press release, 3,101 visitors looked on the face of the statue in New York harbor. As a monument, Liberty has just turned its first half century. As an ideal it is, perhaps, the oldest of human aspirations. The government figures are good as far as they go. But there is nothing in them to suggest what the visitors said, if anything. Did they feel Liberty was firm on its foundations? Was its light as bright as when its torch was first kindled? It would be worth a good deal to know whether the visitors could distinguish between statutory and statutory Liberty.

A windfall for assessors

HOW much will state and local governments benefit through the decision of the United States Supreme Court

that RFC preferred bank stock is taxable?

Shrewd guesses are made by Albert W. Noonan, technical director of the National Association of Assessing Officers.

Cook County, (Chicago) Ill., hopes to collect about \$2,500,000 in taxes for 1934 and 1935 on the \$75,000,000 worth of RFC stock owned there; Detroit, Mich., anticipates the collection of around \$200,000 on \$17,000,000; and Louisville, Ky., expects to get about \$30,000.

Tax laws of the 48 states vary considerably, Mr. Noonan points out. Seventeen states still levy a uniform rate on full valuation of the stock, four states a full rate on a low valuation, 16 states levy a special low rate on full valuation, three states tax intangibles according to their income, while the remaining eight include the income from intangibles in all income received, and levy against such income.

In addition, a few states specifically exempt from taxation any preferred bank stock.

The total stock holdings of the Reconstruction Finance Corporation in national and state banks of the country is estimated at \$900,000,000. More than two and a half million of this is in the banks of Maryland, whose Baltimore National Bank, assessed for RFC stock by the Maryland Tax Commission, provided the "test case." The Circuit Court of Baltimore City had ruled it tax exempt. Then the U. S. Supreme Court upheld the decision of the Maryland Court of Appeals, which had ruled the stock taxable, although the RFC was a national agency—reason enough to invite the assessors' belief that "there's millions in it."

What price ratholes?

HEARINGS on the Army appropriation bill brought a tale of woe and works from Maj. Gen. Johnson Hagood. Frankly admitting 'unfamiliarity with the "various pockets in which Uncle Sam keeps his money," the general was none the less sure that there are both easy and hard money. From the WPA he once got

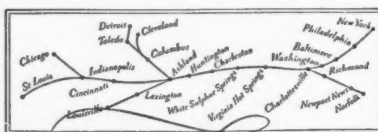
His heart on his sleeve...



and proud of it! "GEORGE" is in love . . . with his job and the Chesapeake and Ohio Lines. For it isn't every waiter who can wear *America's Sleepheart* on his sleeve—and what's more, serve the kind of meals that are prepared on The George Washington, the most wonderful train in the world. No indeed! Such delicious dinners call for special service in keeping with the quality of the food. That's why "George" is so proud—and the reason why you get perfect service in our Tavern Diners. Try one of our special dinners on your next trip—the modest prices will give you a pleasant surprise!

THE GEORGE WASHINGTON THE SPORTSMAN • THE F. F. V.

Any ticket agent can route you on the Finest Fleet of Genuinely Air-Conditioned Trains in the World. Insist upon it!



George Washington's Railroad
CHESAPEAKE and OHIO
Lines
Original Predecessor Company Founded by George Washington in 1785

"A-L-L A-B-O-A-R-D The George Washington!"—ST. LOUIS—Union Station • CHICAGO—12th Street Central Station • INDIANAPOLIS—Union Station • LOUISVILLE—Central Station • CINCINNATI—Union Terminal • WASHINGTON—Union Station • PHILADELPHIA—Pennsylvania R. R. Stations • NEW YORK—Penn. Station

\$45,000,000 for the CCC in what he called stage money.

"You can pass it around," he said, "but you can't get anything for it in the end."

He wanted \$38,000,000 for Army housing. Since the winter of 1931-32 he said:

I have poured a lot of money down rat holes. It is harder for me to get five cents to buy a lead pencil than to get \$1,000 to teach hobbies to CCC boys. I do not like the government standard lead pencils and I cannot get by the Comptroller with the kind of pencils that I like. But CCC hobbies are exempted from the Comptroller's decisions. They do not have to come up to government specifications. One man can be taught to collect postage stamps while another man can be encouraged to take an interest in butterflies.

Under the WPA I can get \$200 to build a gravel walk to the garden house, but I cannot get \$10 to repair a "busted" steampipe.

Anyone who has ever tried to plug a rathole knows that it takes a lot of stuffing. Whether the specific discovery that the price of one batch of filler was \$45,000,000 is its own compensation is a point as moot as the capacity of the taxpayers to keep on providing the wherewithal. Debate, it would seem, could logically proceed from the major premise that one man's easy money is another man's sweat.

Taxes lower land values

A REASONED qualification of the idea that land is indestructible is phrased by Minton Talbot of the University of Virginia in a pamphlet, "The Degradation of Real Estate." Too much taxation, too much adverse legislation, he argues—real estate may endure in the substance; no question that value will be wiped out if the federal Government, the states and the local communities continue their ingenious scramble for the real estate tax dollar.

Apart from many specific recommendations for easing the burden, need for organizing owners is put in evidence. As it is, "no spokesman champions their interests." Failing the enlightened sense of justice on the part of legislators, the need for subsidies from the federal Government will continue, he believes, "notwithstanding such subsidies have not been needed during the past 200 years."

As increasing taxation exhausts the tax base, need for public aid appears. Then there is more pressure for taxes to meet that demand. So the cycle runs its course. Protest and paternalism have their innings while reason waits for audience. How to regard what is taken away in taxes and returned in the form of subsidy as a

public benefaction is a mental exercise in the higher altitudes of logic.

Unions in their own grill

A SPADE is a spade to Maurice Franks, business manager for the Railroad Yardmasters Association. In his booklet, "Labor, Inc.," he writes:

There have been scoundrels and scallwags who have attached themselves to labor unions with all kinds of sordid motives. Yes, we have had the communists and the racketeers and, as their true purposes are becoming known, they are being cast off much as a healthy body casts off impurities that would engulf it if permitted to remain. . . .

Plots have been hatched and situations created for the sole purpose of discrediting the movement. Fatal blunders and premature moves which had not the faintest chance of success for the time being have frequently operated to retard the advance of this world-wide movement.

As for the responsibility of unions:

In order for a union to be eligible to sign a contract it should be an incorporated union, which would place it in a responsible position for its contracts, not only morally but financially as well.

The business community would welcome more evidence of the state of the labor mind defined in this text:

It must fully realize that all classes of industry, executive or manual labor, must flourish for the protection of one or the other, and any movement that is launched derogatory to one is, likewise, harmful to the other, so its relations with industry must be of mutual benefit.

Boondoggling de luxe

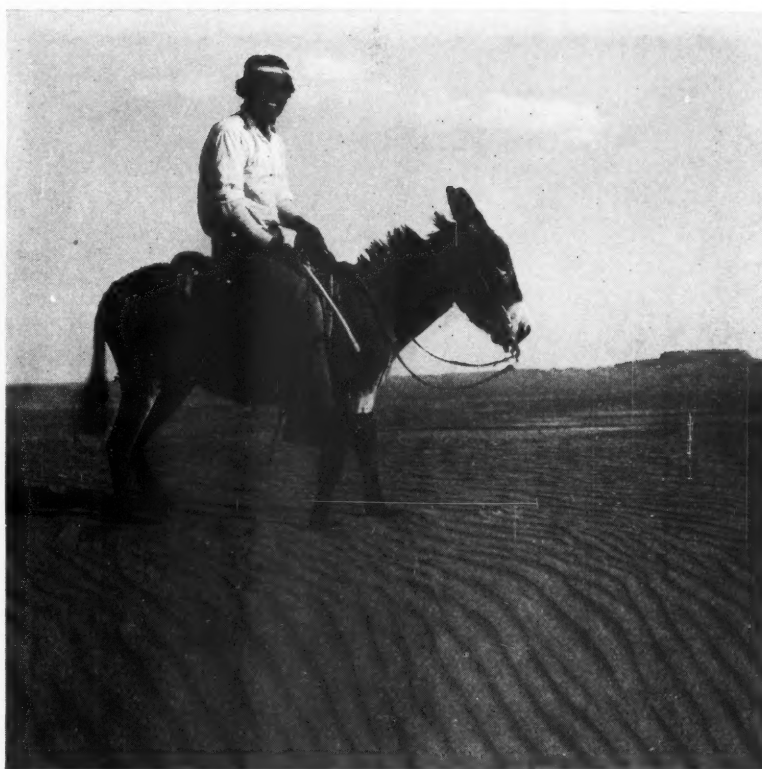
WHATEVER the specifications of "the more abundant life" elsewhere, the ideal moves toward a zenith of definition on the Passamaquoddy power project in Maine. War Department requisitions for the workers' quarters tell the tale:

All wool blankets in "pastel green" (does this forecast a new style in greenbacks?), with wide taffeta rayon bindings.

"Puffs" (comforts to the rest of the citizenry) filled with the down of ducks, covered with "sunfast, rust sateen."

Furniture must be of dull, old-fashioned maple, fireplaces must harmonize with the colonial style of furnishings—love seats, wing chairs, card and coffee tables, hilltop and butterfly tables, pewter candlesticks, grandfather clocks to chime the merry hours. Paintings by "recognized masters" will look down from the walls.

Suggestive as these items are, they leave much to the imagination if not to the taxpayers. Is luxury to stand on these spartan specifications? Are recreation, conviviality, convenience, even cleanliness itself to be honored more in the breach than in the ob-



KABEL

Freedom FROM CARE

Care is corrosive. No man should permit care to obtain a mortgage on his soul—on his estate—to withhold him from progress. Yet, the vagaries of life confront most of us with problems which can be solved satisfactorily with the proper insurance on our person, home and business. • Banish *your* cares by requesting your insurance and bonds in the Standard of Detroit—a financially sound stock company, which, during 52 years, has served as a shield from disaster for over a million persons in every corner of the nation. Over 145 million dollars have been paid promptly in claims. More than 6500 capable representatives are prepared to devise an adequate program of protection for you—are ready to serve you in the traditional Standard manner—wherever you may be—day or night. Consult your local Standard man today.

Automotive Insurance • Personal Accident and Sickness • Burglary and Holdup • Plate Glass Breakage • Liability (all forms) • Workmen's Compensation • Fidelity and Surety Bonds (all forms)

STANDARD
ACCIDENT INSURANCE COMPANY
DETROIT



Westinghouse equipment made possible the complete air conditioning of this modern skyscraper — the Chicago Tribune Tower.

WEATHER: FAIR AND COOLER

Proudly the famous Chicago Tribune Tower wears now the rare honor of being completely air conditioned.

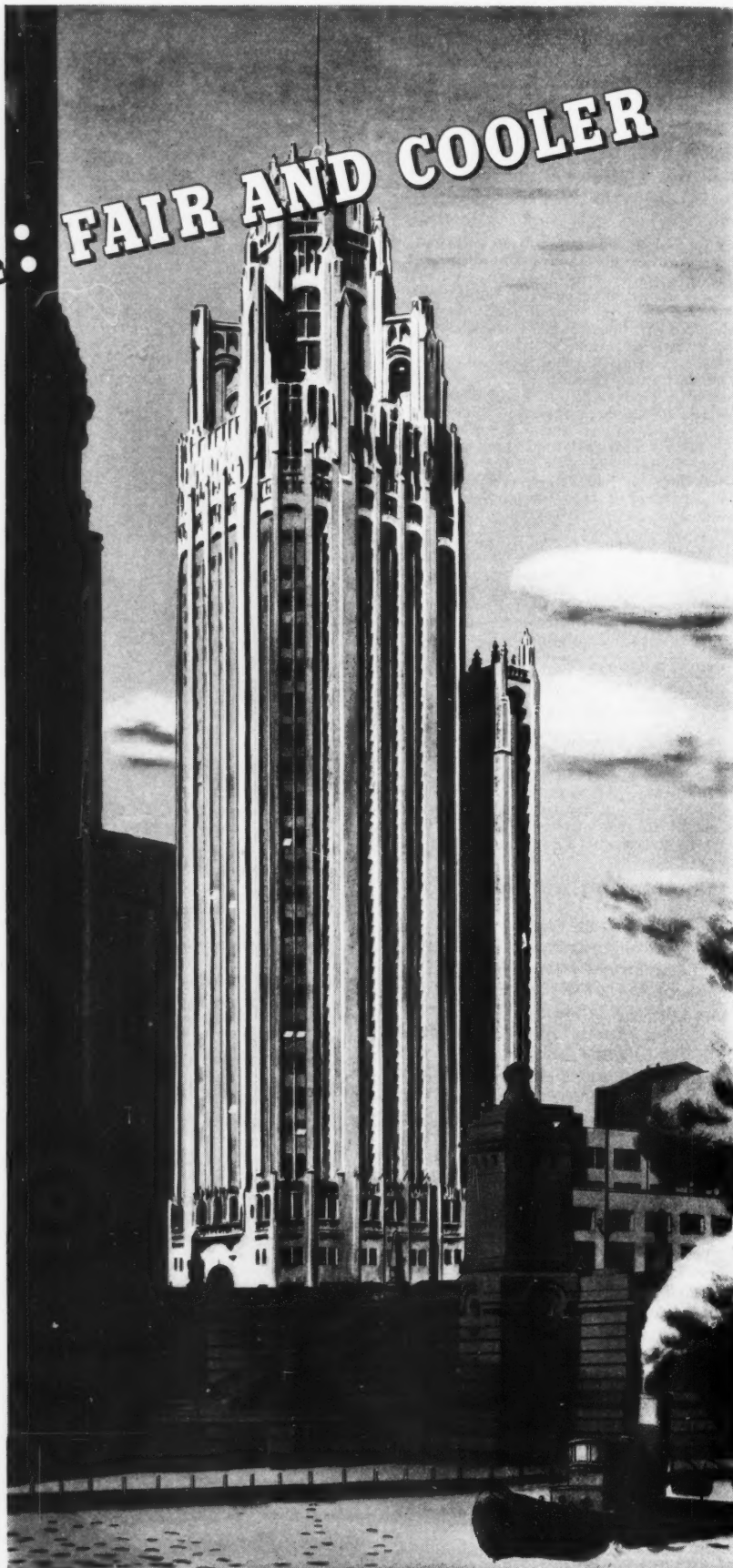
It required superlative engineering and equipment for the comparatively youthful air-conditioning industry to bestow this new honor upon an already famous building. How it was done is one of the brightest pages of industrial history — a page written by Chicago's own Kroeschell Engineering Company, who designed the system, using materials from the great Westinghouse storehouse of experience and equipment.

Today, Tribune employees and tenants enjoy cool comfort from this equipment, despite mounting mercury on the streets outside. They breathe purified air containing less than 5,000 dust-particles to the cubic foot, instead of 50,000 as in the air just beyond their windows! The flip of a switch in any of the 400 offices turns on either heat or cold — adds moisture in winter and removes it in summer. Pressrooms, composing rooms, and other vast working areas have their own circulating system of tempered, "pasteurized" atmosphere.

A backward glance over the past fifty years reveals Westinghouse as a vital factor in many such pioneering achievements. Eyes fixed on the future discern countless opportunities ahead, to which the resources of this organization are constantly pledged. Westinghouse Electric & Mfg. Co., East Pittsburgh, Pa.



50 YEARS OF
GROWTH AND ACHIEVEMENT



servance? Where are the game rooms, the cocktail bars, the push button elevators, the gilded baths? Boondoggling on the 'Quoddy scale should be nothing if not *de luxe*.

Protection at the source

WHAT goes into the family medicine chest is a responsibility which begins with the manufacturer—and to the credit of most of the makers of proprietary goods it can be said that they have accepted it at the full. As the Proprietary Association, New York, reveals in a series of four articles reprinted in a booklet, "Safeguarding the Family Medicine Chest," one of the points which the muckraking authors try to drive home is that the public is not protected against dangerous drugs and quack cure-alls. Posing as champions of the family purchasing agent, the self-nominated Friends of the Consumer profess to see an indolent government permitting wicked, profit-minded manufacturers to exploit an ignorant and trusting people.

Unhappily for the good name of the men and women behind the labels, the established safeguards get all too little emphasis outside trade and professional notice. It should be worth pointing out that these safeguards include:

The work of the trade itself, through the efforts of individual firms to win new business and goodwill, and

through cooperative action, as the recently established voluntary advertising censorship.

The efforts of publications and broadcasting organizations to tighten the reins that hold exaggeration and abuse in check.

Action by the Federal Trade Commission, the United States Food and Drug Administration and state and local authorities.

Modernizing of time-worn legislation with new protective laws.

Only a distorted vision could report that business is unmindful of its obligations to the society which sustains it. The power of good example in the proprietary group, as in others, is generating its own internal pressure toward higher ethical standards.

Competition without change

RALL'S grocery store in Toledo is a sermon in itself. Under the same family management for 77 years, it provides a text on the immortality of purpose. John A. Rall, 79, and William M. Rall, 77, the present proprietors, took over when their father retired 50 years ago. Change has touched them and their business lightly. If durability ever were in need of a symbol, the coffee grinder 50 years in service would invite consideration. Time's impatience is the familiar

theme of copybook maxims. But obsolescence, it seems, can be successfully ignored.

Commerce in the occult

THE staid mimeographed releases of the Federal Trade Commission as a rule contain little to kindle imagination or bestir speculation, but in the Commission's account of its January labors are two intriguing passages:

Fifty-six stipulations to cease and desist from unfair representations in the sale of products were made public in January concerning the following companies dealing in the commodities named:

01040—Rajah Abdullah, Brooklyn, N. Y.; booklet designated "The Books of Forbidden Knowledge," Secret Hindu Art, Charms, Luck Pieces, etc.

01041—Professor Abdullah, New York City, and others; "Astronomy Chart and Dream Dope." . . .

Accepting the Commission's qualifications to pass on any mystical questions that may have been involved, the rulings supply their own evidence that there are more things in heaven, earth and Washington than were dreamed of in the philosophy of the tribe of Abdullah.

New industries and prosperity

DO NEW industries pull us out of depression? That's hard to prove. The case most cited is that of automobiles in 1921 or railroad building in the long depression of the '70's. But no new industry associates itself with the "hard times" of 1894-5 or 1907. And what are new industries? The Industrial Conference Board recently printed a list of 18 which had grown up between 1879 and 1929.

How many can you name? Here are two for a starter. Automobiles and fountain pens. Now write down the rest of them.

(The full list will be found on page 81.)

Going to the dogs

FROM Memphis comes the story that the WPA is building a \$25,000 "haven for homeless hounds." A heating plant and shower baths are mere accents of opulence in this luxurious version of a dog's life. Possibly the gas chamber strikes a discordant mortuary note, though there is always the sporting chance that the impounded guests will be reclaimed at the very threshold of execution. Pedigreed strays, the word goes, will get no preferential treatment over mongrels. No canine class distinction under the WPA aegis, however much political selectivity may discriminate among the citizenry in the bestowal of its favors.



CORRECT lubrication is certainly "doing things" to industrial costs these days! It may be rude to point—but look:

They were pouring the oil over the spool of material. (This was in the steel shank department of a shoe factory.) The operation was one of cutting off and stamping. Oil was naturally dripping on the floor, inviting fire from a match or a spark



—the waste was a scandal. A Standard Lubrication Engineer made a practical suggestion: "Put a sight feed oiler ahead of the die". They did. Oil consumption was reduced 95%! The fire hazard was eliminated . . . and so was the mess on the floor.

After one month's use of Standard Oil products a large paper mill had cut its lubrication costs to 28.5 cents per ton. They were pleased. But the *real* surprise was coming. After 8 more months of Standard Oil products—and service, they'd cut costs to 5 cents a ton! What really brought this *added* saving? A suggestion here, a reduced feed there, a better method of application or two—SERVICE

CORRECT LUBRICATION

means Standard Oil (Indiana) Products, Standard Oil Service—and the practical suggestions embodied in Standard Oil Monographs.

The *service* of Standard Oil engineers is entirely without obligation. Reach them by phone at your local Standard Oil (Indiana) office.

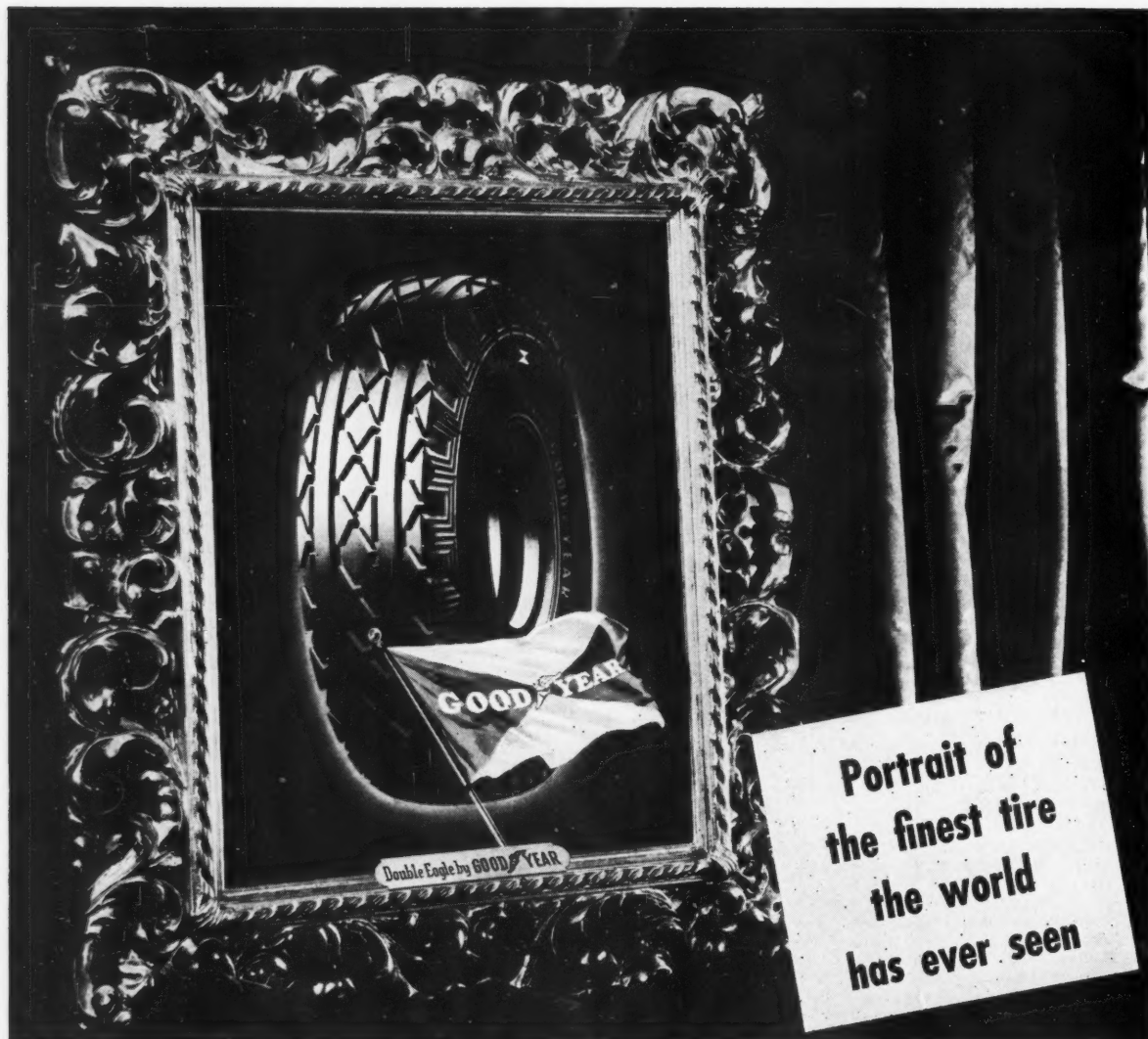
Write for "The Lubrication Engineer—His Value to You"—know how these men work, and how you can profit by their free service. (295)

Address: Standard Oil Company (Indiana)
910 South Michigan Avenue, Chicago, Illinois

Name.....
Address.....
City.....State.....

**STANDARD OIL COMPANY
(Indiana)**

CORRECT LUBRICATION



LET your glance feast a moment upon this strikingly handsome tire — you are seeing literally the finest tire upon which the human eye has ever gazed.

This, the new Goodyear Double Eagle Airwheel,★ is to the average tire what towering Mt. Everest is to its foothills — it is the peak product of the largest rubber manufacturer in the world.

Compressed into this road-gripping, tough-treaded, far-traveling, utterly balanced circlet, is the cream of all we have learned in building 225,000,000 other tires which long have led the field.

This tire will cost somewhat more than other famous Goodyear tires, but to the man who can afford the very best it gives advantages he cannot afford to do without.

We are building this tire at Goodyear to be beyond doubt the safest, most luxurious tire money can command — designed, tested, fitted to the new needs of the modern fast maneuverable cars.

We combed the earth for superior materials and even developed new ones of special strength and temper, then proved these by terrible weeks of test runs on the Bonneville Salt Flats under blistering heat at continuous speeds of 96 miles an hour.

We perfected, not a thick, heavy, lumbering tire — but a supple, flexible, cool-running, easy-riding carrier that would yoke lavish comfort to matchless beauty and endurance.

It will deliver far longer, far safer mileage than any tire we have ever built, even including the famous "G-3."

As companion to the Double Eagle Airwheel, and to make safe surety doubly sure, we recommend that infallible protection against all blowout hazards, the new Goodyear LifeGuard★ Tube.

These better-than-necessary products bid for the favor of those who can afford them on grounds of peerless quality only — their mission being not to save money but to save life.

★ Registered

Portrait of
the finest tire
the world
has ever seen

EIGHT STANDOUT FEATURES

which lift the new Double Eagle Airwheel above any tire we have ever built

- 1 The finest, safest, handsomest, longest mileage tire that we have ever built.
- 2 The best-proved non-skid tread pattern in the world, made more efficient.
- 3 Tougher rubber in this tread even than truck tires, slotted 15% deeper to give 30% longer non-skid life than even the famed Goodyear "G-3."
- 4 Built throughout of special new heat-fighting compound that frees high-speed travel from tread-throwing risk.
- 5 Extra rubber "float" for every ply, new "rubber-rivet" breaker-strip anchorage, stronger bead.
- 6 Supertwist cord in every ply to guard against bruises, fatigue, shoulder breaks.
- 7 Flexible easy-rolling casing without the tread stiffness common to heavy tires.
- 8 Built to strictest specifications in industry, in materials, workmanship, balance and inspection.

MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

NATION'S BUSINESS

★
A MAGAZINE
FOR
BUSINESS MEN
★

The Power to Destroy

HOW TO MAKE 127,000,000 people tax-conscious is, perhaps, the most important issue the nation has ever faced. On every hand we see fantastic wastes, extravagances, overlapping, duplication, tenacity of job-holders, and the inherent expansive quality of government in its regulatory and paternalistic rôles.

Too few of us discern even the obvious manifestations of the increasing expense of politics, deficits, defaults, bankrupt cities, the lengthening list of tax delinquents, and the back-breaking burden upon the individual.

Still fewer see the evil effects upon enterprise. As more and more is taken from the national pool of productive labor to be spent on unproductive overhead, there is by simple arithmetic less and less for capital investment which creates and provides continuous employment of men. There are those who believe that the phenomenal progress of the American people has been due to the fact that with little government and, therefore, little expense compared to older nations, large amounts were available for new men-employing enterprises.

In 1850 about one cent of each income dollar went for government expense, leaving 99 cents for productive effort. In 1900, government took six cents of each income dollar (and spent 7.5 cents); in 1929, government took 12 cents (and spent 16). In 1934 politics took a toll of 19 cents out of every productive dollar, and spent 35 cents.

From 99 cents out of the dollar income for new men-employing enterprises we have reached a point where there is only 65 cents.

Too few realize the grim reality of the tax competition that not only household budgets, but also the nation's commercial and industrial budgets, must meet.

Government expenditures today represent

more than one-third of all that the people receive for crops grown, commodities produced, and personal services provided.

If only a few understand this slowing down of productive enterprise, which lowers, of necessity, standards of living, still fewer grasp the possibility of a collapse of the American Plan. Those with keen eyes perceive a titanic struggle. It is the age-old struggle of Man, the individual, versus his Rulers. More should see it, because the course of struggle was described long ago:

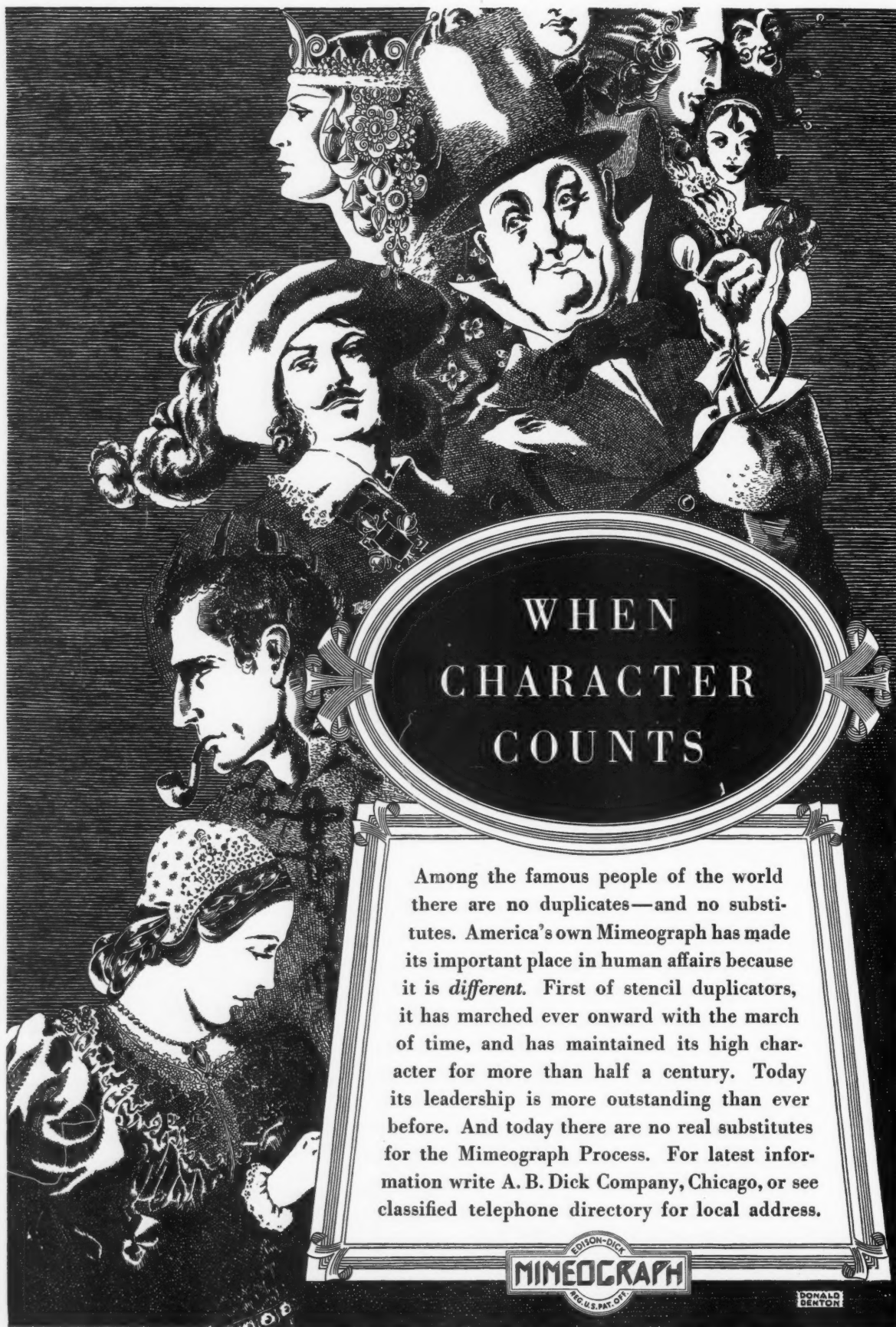
A comparatively small body of officials, coherent, having common interests and acting under a central authority has an immense advantage over an incoherent public which has no settled policy, and can be brought to act unitedly only under strong provocation. Hence, an organization of officials, once passing a certain stage of growth, becomes less and less resistible.

This was the theme of Herbert Spencer's chapter "The Coming Slavery."

Sir William Flinders Petrie, famous archaeologist, studied scores of dead and buried civilizations. He probably knows more than any other man why governments have risen and fallen. It is his considered statement that all ran the same cycle: Autocracy, bearing down to the breaking point until the people gradually pulled away the powers of the autocrat and set up a democracy. Then democracy—and mark these words—*democracy eating itself up* through taxation until collapse and a strong power asserted itself in the form of an autocrat. Then the cycle running again.

Can the American people, careless and indifferent, hope to be the Great Exception? They can, but only if they realize the larger danger before it is too late, and "act unitedly under strong provocation."

Muree Thorne



WHEN CHARACTER COUNTS

Among the famous people of the world there are no duplicates—and no substitutes. America's own Mimeograph has made its important place in human affairs because it is *different*. First of stencil duplicators, it has marched ever onward with the march of time, and has maintained its high character for more than half a century. Today its leadership is more outstanding than ever before. And today there are no real substitutes for the Mimeograph Process. For latest information write A. B. Dick Company, Chicago, or see classified telephone directory for local address.

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NATION'S BUSINESS

April • 1936



CHARLES DUNN

End of it all will be that America will stand out a century ahead of the rest of us, free of the notion that her politicians can make a living for her

We're Old Hands at New Deals

By SIR ERNEST BENN

Author, "Confessions of a Capitalist"

THERE is general rejoicing among the people who know, or perhaps who think they know, at the breakdown of the New Deal. It is not that we here presume to have opinions about the domestic affairs of the United States. We realize that America has the right to arrange her own affairs in her own way and with her own knowledge of local conditions and circumstances. But the New Deal has had a very definite effect over here in strengthening the hands of all our own New Dealers.

It should be remembered that New Deals are nothing new in England. We have been afflicted with a flood of them for 30 years, and when Presi-

A MAN with a world-wide reputation as a student of economic activities appraised recent experiments in this country in the light of results that were obtained in England where almost identical panaceas have been tried in the course of the past 30 years

dent Roosevelt came into power and announced his intention of doing in the States in four years what we have done and repented in 30, some of us experienced a sense of grave disappointment.

America has always been associated in the minds of the English with

the soundest of economic ideas and the fact that America did achieve the highest general standard of living ever known seemed to us to confirm our faith in the old doctrines of the science of political economy. When, therefore, the United States gave itself over to political remedies for economic ills, we, knowing from long experience the futility of political ideas in the economic field, felt not only sorry for America but grieved that support for our own follies should come from the home of enterprise and common sense.

It is out of the question for an Englishman to discuss the details of the

various measures that have been rushed upon America, but it is permissible to point out that the basic principles on which all good government must be founded apply to America just as much as to England. I, myself, have constantly quoted the Declaration of Independence, with its right to the *pursuit* of happiness, as distinguished from our own foolish notion that governments can deliver happiness ready-made in exchange for votes.

We have survived 30 years of New Deals, ever since Mr. Lloyd George gave us the first of them when he pretended that ninpence could be obtained for fourpence, because we have indulged in these stupidities gently and quietly, and have spread them over long periods. In the end we have effected a wholesale distribution of wealth, produced social changes which were not suspected, and reduced the level of the whole population to a mediocre middle-class. We shall probably be left with our New Deals generations after America has discarded all these absurdities. They have become chronic with us and we are old enough and wealthy enough to survive notwithstanding. America is in the much happier position, having youth on her side, of rushing into these things, spotting her mistake quickly, and throwing them off as rapidly as they were taken on.

No "official" class

THERE are reasons for the breakdown of the New Deal, or so it seems to me, which have nothing whatever to do with the character of the Deal itself. If we here indulge, as we are doing, in some wholly mad scheme for undermining the foundations of the milk trade, we have the advantage of a numerous parasitical class of trained officials who can at least see that the new madness is worked according to the rules. The perfect practice of circumlocutory nuisances has become with us a fine art, a finished science.

We are thoroughly accustomed, in struggling with the practical work of life, to have to stop and wait while charming officials hold us up on considerations which bear no relation whatever to the practical work in hand.

America, as I understand it, has not grown anything so pleasant, or so useless, as our official class, now near-

ly 1,000,000 strong. When, therefore, President Roosevelt and his Brain Trust think out some other way of doing business upside down, there is not the machinery, the personnel, or the experience necessary to the performance of the trick.

The plans didn't work

SO far as our own New Deals are concerned, an examination of them from the beginning leads to the conclusion that none of them has worked out as intended.

We have had nearly a quarter of a century experience with unemployment insurance.

The thing was recommended to us on the grounds that it would abolish unemployment at a time when our unemployed numbered less than half a million.

Twenty-five years later this certain cure for unemployment has left us with 2,000,000 unemployed, or that at least is the theory.



England knows from long experience the futility of political remedies for economic ills

On examination nothing of the kind has happened.

We have so successfully surmounted the obstruction of New Deals that we are, at this moment, employing a larger proportion of our population than has ever before been in work, and yet the politicians still talk of 2,000,000 unemployed.

The fact is that the old law of supply and demand is still at work and, seeing that the State supplies the

money, the demand for it arises as a matter of course. We are paying benefits to more than a million people who, when the benefits were devised, would not have been regarded as unemployed at all—professional footballers who work one day in a week, seasonal workers who earn a year's income in the summer or the winter, people who have been organized into periods of unemployment by trade unions and employers' associations who even out the season's output, or level up the price of a commodity.

Leisure on the dole

OUR own girls swarm into factories for the minimum period necessary to qualify for the dole and, in consequence, domestic servants are unobtainable. In point of fact we import women from Germany and Austria in thousands to fill the gaps created by the girls, who, very naturally, prefer to enjoy this new social benefit rather than go to work.

Meantime we have created a vast vested interest in unemployment, the Ministry of Labor being one of the biggest of all the swollen government offices and, whether we are all employed or not, the politicians and the bureaucrats can be relied upon to invent something which can be described as unemployment in order to keep the game going.

Similarly, in housing, it is about 25 years since local authorities began to take an active interest in housing. After the War they spent 1,000,000,000 pounds of public money to build houses which are not worth 300,000,000 pounds today.

This gigantic extravagance was undertaken on the plea of clearing the slums, but that is not the way things have worked out. The new houses have been collared by trade union officials, council officials and the better-class working man who can bring influence to bear in the local government offices. Now we are asked to start again on yet another scheme for clearing the slums.

But these details are of no more interest in America than the details of the cotton swindle are over here. In discussing these questions together we can only help one another by confining ourselves to the theoretical principles of the matter, and somehow I think principles are likely

(Continued on page 44)

Washington and Your Business

By IRA E. BENNETT, for 25 years Editor, "The Washington Post"

Dear Mac: You ask me to let you know the probable outcome of tax legislation as it will affect you and the average citizen. That's what we'd all like to know, Congress included. The tax bill is in the kettle and a good many cooks are stirring the broth. Whether the mess will be wholesome we'll know after we've digested it.

You're going to pay more taxes. That's settled.

The President's insistence upon a cash-and-carry plan to meet lost processing taxes and bonus payments was tough for Congress, in face of the campaign; but his suggestion for raising \$600,000,000 net every year by taxing undistributed corporation profits left 'em gasping.

It's pretty safe to assume that the President's plan will be embodied in some fashion in the new tax law. His influence with Congress, particularly with the House, is still great. Moreover, his plan gives legislators a chance to sidestep an increase of taxes on low incomes.

But the importance of the bill is not so much in its money raising features as in its purpose to control corporations—that dangerous purpose of most legislation now proposed, the increase of the power of Government over the individual and his business. This is no new idea with the President. In his book "Looking Forward," published about the time he took office, he declared:

"Our task now . . . is the business of distributing wealth and products more equitably."

He also said:

"Enormous corporate surpluses piled up—the most stupendous in history. These surpluses went chiefly in two directions: first into new and unnecessary plants which now stand slack and idle; second, into the call money market of Wall Street either directly by the corporations or indirectly through the banks."

Note—You ought to read that book. It gives a fine idea of what the President has in his mind and what he'll put through if he has the power.

And don't forget that in his message last year the President said: "We should discourage unwieldy and unnecessary corporate surpluses."

When Are Surpluses Bad?

SOME of us might agree that a corporation surplus might be dangerous and can be abused, but more of us remember that a plump surplus enabled many corporations to keep men at work, to pay dividends when dividends were life savers. The corporations saved for a rainy day and when it rained they had a refuge.

How do you tell a bad surplus from a good one? That's a problem Congress must wrestle with. I'll just ask a question. Ford, in building his business, never borrowed; he plowed back surplus. Was that good business? Think that over. If the federal Government can prescribe what a corporation can save it has great power.

"Search and Seizure"

IS the action of the Black Committee with the aid of the Federal Communications Commission a tempest in a teapot or really a threat to our liberties? Most men—business men—with whom I talk think the latter. If a Senate

Committee is able to make roundabout use of an administrative agency to pry into a man's affairs, when will letters be subject to government scrutiny? We may learn more about the "search and seizure" phrase in the Constitution before this case is over.

The TVA Decision

THIS extension of federal power seems to run through everything nowadays. The "yardstick" theory to justify the federal Government going in for power production is in point and TVA was its outstanding exemplar. Ask a dozen men, lawyers included, what the decision will amount to and you'll get a dozen answers.

As a layman, it seems to me that the Government made a few yards. Of course, the decision was limited by those positive declarations of the Hughes decision but Norris with his great central power authority is rejoicing.

The Court held that the Government had power to build works to improve navigation and power to dispose of its property; that electric power developed as an incident to the improvement of navigation is property; and that the surplus power can be disposed of by using reasonable means, such as utilizing wires to get the surplus power to market, exactly as mules or trucks might be utilized to carry surplus ore or oil to market.

The Court *did not* hold that power plants could be built under the pretense of improving navigation. It *did not* hold that manufacture and sale of power as a business is within the powers of Congress. It reserved judgment on the constitutionality of the TVA Act.

There you are. You can take either side and find some comfort in the decision. But before taking a 100 per cent position in support of the idea that the Government can become a manufacturer and merchandiser of power or any other commodity it might be well to glance again at the dissenting opinion of Justice McReynolds. He cited the official avowals of the TVA to show that the real purpose of the Act is not improvement of navigation, but manufacture and sale of power; and that this real purpose, not being authorized by the Constitution, is cloaked under the federal power to improve navigation.

Remember that the Supreme Court held in the AAA case that an unlawful purpose cannot be accomplished by cloaking it under a lawful power of Congress.

Up to the People

THESE matters may seem far away, but they are not—they vitally affect you and your boys. Sooner or later you and other voters will decide the great issue that looms up. If the Government is to have power to regulate industry and agriculture and to go into business for itself, it must borrow this power from the states or the people. It must have the right to coerce and compel states and individuals to obey.

You may decide that the time has come to centralize power in Washington—that the states and the people are unable to conduct their affairs successfully under modern conditions. If that is your decision, you must sur-

render some of your individual and community rights, because you can't eat your cake and have it too.

Some people seem to think this issue will be settled in November. They think that President Roosevelt personifies the movement for expansion of federal power and that, if he should be defeated, the movement would stop. But in my opinion other questions will obscure this fundamental issue. The election may turn on minor issues. Besides, further Supreme Court decisions may make it apparent that the Constitution must be amended if federal power is to be expanded.

Maybe I talk too much about government and business. We who live in Washington and aren't in government see so much of it that perhaps we get a little one-sided. But the new AAA bill, it seems to me, puts into the hands of one man, the Secretary of Agriculture, more power than any one man ought to have, no matter how fine and able he is.

Other Issues

YOU tell me that voters in your state are uneasy and confused by doubt as to what is coming. They are afraid to branch out in business, although business looks better. They want to know what the dollar will be worth a year or five years from now. They are afraid of still heavier taxes that may eat up profits. Then you ask me what people in Washington are saying about these matters. Well, they say here just what is said in your state.

I have sounded out men from all parts of the country—men who come here as representatives and senators. They are shrewd observers and make it their business to find out what the people are thinking. They all tell the same story of uncertainty, dread of crushing taxes, fear of what legislation may come next.

Some business men think they see extension of the Guffey "little NRA" idea to many industries besides soft coal—to the textile industry, natural gas, the petroleum industry, and others.

Guffey Coal Act

ANOTHER decision may be expected soon from the Supreme Court on a vital aspect of the New Deal. Argument on the validity of the Guffey Coal Act was heard in March. The question is whether soft coal mining so vitally affects interstate commerce as to subject it to regulation by Congress. Federal Judge Hamilton of Louisville held that the Act was constitutional on the ground that the states separately were incompetent to regulate the industry and that the United States must possess this power under the general welfare clause. But the Supreme Court has held (Schechter case) that "if the federal Government may determine the wages and hours of employees in internal commerce of a state, it would seem that a similar control might be exerted over other elements of cost, such as the number of employees, rents, advertising, methods of doing business, etc. It is not our province to consider the economic advantages or disadvantages of such a centralized system. It is sufficient to say that the Constitution does not provide for it."

So it goes. All down the line, present-day legislation and litigation revolve around the question of extending federal power over business.

Rails Won't Fight Fare Cut

THE I.C.C.'s order reducing passenger fares to two cents in day coaches and three cents in Pullmans (Pullman rates added, of course) to take effect in June will have wide effects. Three railroads, Central, Pennsylvania and New Haven, are chiefly affected. They aren't likely to fight in the courts. They may accept with a pro-

test, give the plan a try and then fight if it proves too costly. Of course, southern and western railroad fares had already been reduced with good results.

Buses may have a problem. A two-cent coach fare from, say, Washington to New York will bring the buses and the railroads about even with speed on the side of the railroads.

Meanwhile the buses (and the trucks) are under federal control. Already they're facing the problem of compulsory insurance, limitation on hours of employment. Other rulings to come will increase their costs and greatly tangle the problem of railroad competition.

The New Ship Subsidy Bill

THE new ship bill won't have many friends except among those who want to see the Government run business. Operators object to the arbitrary cancellation of mail contracts with time yet to run upon which they have based their future plans.

Their feeling about substitution of subsidies based on difference between United States and foreign costs is mixed, though the United States Chamber favors it. They definitely don't like uniform accounting methods prescribed by a government agency. That may sound harmless but if someone told you what you could and couldn't charge to expense or depreciation, or set aside for surplus, how would you like it? Limitation of profits is another thing. Originally it was six per cent a year. Impossible. Then it was made six per cent a year over a period of five years. Not much better. The provision that, under certain circumstances, the Government may force building of merchant ships in Navy Yards will be fought.

The Ruling on Goodyear

THE Federal Trade Commission has made a ruling that may have more effect on business than even such measures as the Robinson-Patman bill, the Commission's own measure or the Healey bill which seems to have taken the Walsh bill's place in regulation of hours and wages of industries with government contracts.

The new ruling is aimed at the Goodyear Company which has been selling some of its output to Sears-Roebuck. The Commission says Goodyear violated the Clayton Act since the price difference was greater than was justified by the size of the order. The sale was unfair to other customers, says the Commission.

If the ruling is upheld, and Goodyear will go to the courts, we may get a better understanding of what a manufacturer can do in the way of taking large and continuing orders.

Housing

A QUICK shift of strategy has been made in the plans for federal financing of slum-clearance and low-cost urban housing. Instead of attempting to exercise power of eminent domain, a power which opponents insist the Government doesn't possess, it's now proposed to leave acquisition of titles to the cities concerned, and then lend them federal funds to build tenements. This is embodied in the Wagner bill.

Passage of that bill will mean that heavy federal commitments for many years will be the underpinning of experiments in public construction of low-cost houses.

Farm Electricity

MEANWHILE Congress moves forward in the plan to provide cheap electric light and power to farms. The Senate led off by passing Senator Norris' bill calling for an expenditure of \$420,000,000 over a ten-year period. The Reconstruction Finance Corporation would be required

to put up \$50,000,000 a year for the first two years. After that, the Treasury would put up the cash. Norris' bill doesn't say how or what taxes would be raised to finance farm electrification. Of course, theoretically, all the money would be paid back; but experience in reclamation and irrigation projects shows that it isn't so easy to recover such outlays.

Federal Gas Stations

HOW would you like to see Uncle Sam establish a chain of gasoline filling-stations? Admiral Peoples, chief of the Treasury Procurement division, actually made that suggestion to the Senate appropriations committee. His idea is that the Government might sell gasoline at stations along new highways being constructed by federal funds, and thus recover part of the money spent.

Oil men are afraid that Uncle Sam might take it into his head to take over big oil fields for the national defense, and then go into the oil refining and gasoline business, just as TVA is going into the power business. If Uncle Sam can produce and sell power, why can't he produce and sell gasoline? You answer.

Uncle Sam's Own Business

PENDING this threatened extension of Uncle Sam's business activities, a special committee of the Senate is preparing to X-ray the government agencies already set up, to see if overlapping and extravagance can't be eliminated. Senator Byrd of Virginia is chairman, and his colleagues on the committee are Robinson of Arkansas, O'Mahoney of Wyoming, McNary of Oregon, and Townsend of Delaware.

Byrd is an independent Democrat who has criticized government extravagance and waste. Robinson and O'Mahoney are stalwart supporters of the New Deal. McNary and Townsend are Republicans. If this committee had started earlier it might have produced interesting campaign material. Probably its findings will be too late to have much effect on the campaign, but if it digs into conditions with honest purpose it certainly can show Congress how to save millions of dollars.

Chain Store Legislation

YOU noted the gathering of independent food and drug dealers demanding passage of the Robinson-Patman bill purporting to protect small business men, especially those in the food business, against discriminatory special rates and rebates by chain stores. Much pressure to get this and the Utterback bill through—the latter of the same general tenor. Hard to say just now what chances they have for passage, but they're very much alive.

For the bill are organizations of these groups:

- Food Brokers
- Wholesale Fresh Fruit and Vegetable Distributors
- Retail Grocers
- Retail Druggists
- Wholesale Tobacco Dealers
- Wholesale Druggists
- Tobacco Distributors

Against are the following:

- Retail Dry Goods
- Food and Grocery Chain Stores
- Retail Federation
- Grocery Manufacturers
- Pharmaceutical Manufacturers

The wholesale grocers are on both sides, one organization for, one against.

Relief

PRESIDENT ROOSEVELT deferred action on unemployment relief until farm relief and taxation were out of the way. The tax program omitted any pro-

vision for unemployment relief—therefore funds for that purpose will have to be raised by borrowing—that is, by swelling the deficit and the public debt. The general belief is that Mr. Roosevelt concluded that there would be less criticism of deficit-making for unemployment relief than for farm relief.

Of course there's criticism because of the swelling of the deficit. Critics insist that unemployment relief has been extravagant and costly, besides having given politicians a chance to distribute pie to hangers-on. Senator Holt of West Virginia gave the Senate an earful of details concerning political exploitation of relief in his State. Lawmakers tell me that similar conditions exist in their States.

Congress hasn't disposed of this relief problem as yet, but probably a huge sum must be authorized.

Townsend

OUT your way, you say, the Townsend plan is stoutly supported in spite of the House maneuver to blow it up by means of an investigation. Here in Washington the Townsend movement is discounted. The committee headed by Representative Bell is out to expose graft in the collection of contributions from credulous believers in the bootstrap theory. Fearsome lawmakers have taken heart and are growing bold.

The Hagood Case

LET me know what effect the Hagood case had in your section. General opinion here in Washington is that General Hagood's punishment was out of proportion to his "crime." But we take the Army and Navy more seriously here. The opposition is making the most of it, but more important matters crowd upon the stage, and it will be pretty hard to keep the Hagood case alive.

Politics

UNDER the word "politics" you can list practically everything that's going on in Washington. No move is made in any sort of legislation or executive policy without considering the political factor—except when they relieved General Hagood.

Governor Landon moves toward the Republican nomination. Eastern managers of state delegations seem to have agreed that he is the man to beat Borah. After the vote for favorite sons the managers expect to swing behind Landon.

Who Gets Pennsylvania?

FIELD Marshal Farley claims all. He may have been doubtful about Pennsylvania, but now he says it's in the bag, because of John L. Lewis and the United Mine Workers. Maybe; but I inquired around in country districts in Pennsylvania recently and couldn't find any one who conceded that the mine vote would be decisive. Farmers were surprised at the suggestion.

The plan is to abrogate the rule requiring a two-thirds vote to nominate a candidate in the Democratic national convention. This can be done by a majority vote—and Farley says it will be done. That will wipe out danger of a deadlock that might have resulted from a combination of Anti-Roosevelt delegates.

Bigger and Bigger

YOU are told that the cost of "regular" or routine operations of Government is not increasing—that the only increase is in emergency spending for relief, bonus, etc. That's not quite true. Every supply bill thus far passed at this session is larger than the appropriation for fiscal year 1936. Many additional clerks have been put on the pay

(Continued on page 56)



EWING GALLOWAY

World literature on technical subjects is indexed, abstracted and recorded

A CERTAIN captain of industry has been quoted as saying, "If your business will not support research then find one that will." He might have added that, today, the business that does not support some form of research, according to its needs, has little chance to survive.

This applies to every type of manufacturing, processing and production, regardless of how "standardized" or simple the products may be. Moreover, chemical and physical research is as essential to the banker as the manufacturer—particularly the investment banker and those concerned with financing of industrial enterprise.

When industry was confined to supplying the basic needs of a people, research as we know it today was little needed. Later, as industry developed, much was heard of research as the handmaid to industry. But, under present conditions of high pressure industrialization, research is increasingly becoming the fount from whence flows all industrial success.

Research not only develops new products—it gives the old new utility and sales appeal. Its value to economics in the conservation of resources is inestimable, but of tremendous importance to finance is its ability to yield monopolistic industry through patents.

One of the main objects of industrial research is patents. Through the patent convention now existing between the major industrial countries, world monopoly may be set up.

World trade assumes a new significance as time advances. No longer do a few industrial nations supply the wants of the world. The World War, which cut many of the smaller nations off from the workshops which formerly supplied their fabricated products and forced them into home manufacture, has wrought a permanent change in the map of competition.

A manufacturer, secure in his home market with a well accepted and widely used product, may scorn research. He rests his security on the bulwark of his large gross sales and the remoteness of his competitors in other countries. But other countries are no longer remote.

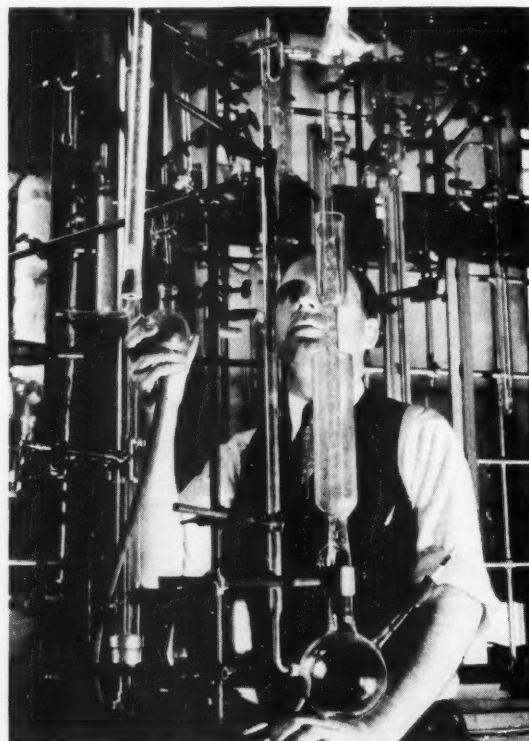
Market

AN authority in the field points out some pitfalls that spot the path of the newcomer in research and also suggests a method by which the small concern as well as the large may keep abreast of scientific developments in its field

One morning this manufacturer awakens to find a manufacturer in Czechoslovakia capturing his market with a new gadget.

"Well, that is simple to remedy," he confides to his sales manager, "we will make one like it only a little better."

He may set up what he is pleased to term a little



EWING GALLOWAY

Certain suggested formulae were tested and the work was laid out along strictly systematic lines

Sentries of Small Business

By MARK H. WODLINGER

research. Some engineer, technician or mechanic tinkers with the new device to produce a copy with a slight improvement. The device is perfected and placed on the market but, as soon as he starts filling orders, notice is served on him that some company in the United States holds a license for the American rights, under an American patent granted through the convention to the Czech inventor. His quickly improved device infringes the fundamental claims of the patent. Of course he must stop selling his new device. He must then return to the old, with its fast loosening hold on the trade, start research in earnest with a continuously decreasing income, or negotiate for the American rights under the tremendous disadvantage of being "on the spot."

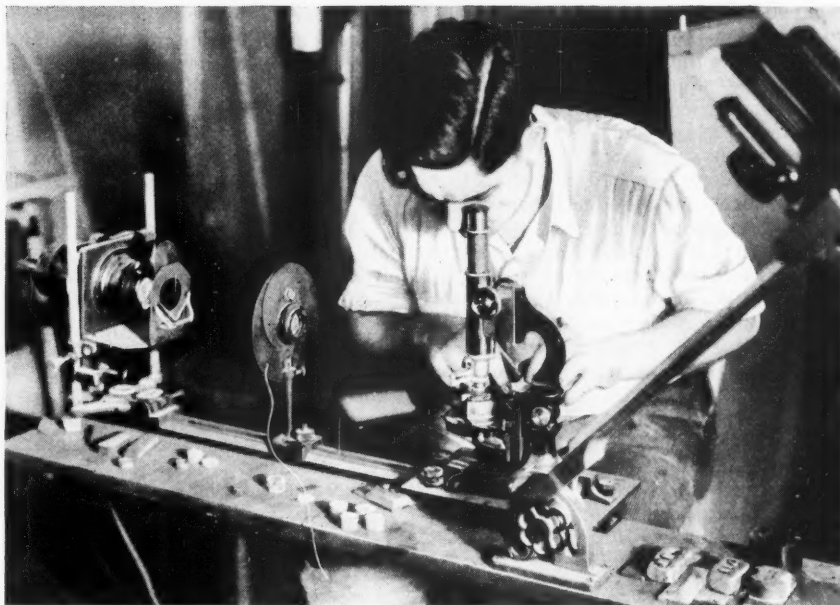
Business is vulnerable these days not only to direct attack but to flank or rear action that is little anticipated. For years men wore starched collars simply because the soft collars then on the market bulged at the curves of the neck. For comfort men liked soft collars. Then some one found that, if a thread was pulled along the fold, soft collars could be made to lie as neatly as starched ones. The idea was patented. Soft collars became popular, with the holder of the patent reaping the profit. This set others to thinking. Finally they found that, by cutting the cloth in a certain way, a soft collar could be made to lie smoothly. The collar business became divided again.

Research that isn't research

SUCH examples could be multiplied almost without end. But the question is, what can the small man do about it?

It becomes a matter of what he can afford to do.

Many small manufacturers realize the need for research. They have employed a chemist, a physicist, an engineer or technician, with assistants and associates, perhaps. They have set aside a space which they are pleased to call the research laboratory and have had their fling at research. The manufacturer himself is too much occupied with sales, finance and production to give research the type of intelligent direction that it demands, but since he has learned that he must keep his finger on every phase of the business, he will not leave his research personnel to their own devices. Here is the



Research implies diligent, systematic inquiry and experimentation

ERWING GALLOWAY

rock upon which many research programs are wrecked.

Or the manufacturer may regard research as something apart and not to be manhandled as is production or sales. He may leave the destiny of his research department where it belongs—in the hands of the research workers. If his selection of personnel, more particularly the research head or director, has been happy, results will soon emerge. If he has been unfortunate in this respect he ultimately concludes that, in his business, research has failed. He dismisses the staff and closes the laboratory. This is pretty much the history of the small, one-man business' venture into research.

With corporations the story is a little different. Corporations are governed, not by one man, but a board, with a profuse sprinkling of vice presidents in charge! Generally such a company can support a pretentious research program, but generally major interests are divided between several groups and considerable internal politics exist. Into this environment the infant research is born—infant in accomplishment but fully matured as to front. The slow build-up is not for them. A research director is selected. Under him a staff of Ph. D.'s is put to work on the company's problems, real or fancied. But immediately politics begins to work. Either the research director must step down before the committee of V. P.'s and the politically controlled board, or he must play politics.

In either case the research effort is emasculated and the research laboratory becomes the "yes" factory for

the governing group. This picture, although not necessarily typical, occurs far too frequently for the ultimate weal of research and American industry.

Since such a research laboratory is, in its prime function, if not intention, a show place, it must be kept scrupulously clean, and all work in it prohibited, since the confusion of a research laboratory where actual, creative work is being done is rarely appreciated by the out-of-town buyer whom the V. P. in charge of sales so keenly shows about the place.

Specialties can be developed

THIS condition is most frequently found among businesses dealing in staple commodities, where supply and demand govern price with little apparent opportunity to develop specialties. The word "apparent" is used advisedly, since the lack of opportunity to develop specialties is more apparent than real. This becomes evident to any one seriously investigating the problems of such a business. The packing industry offers proof that specialties can be developed in the field of staples. Few local butchers today can afford to raise their own meat simply because use of by-products has enabled the packing houses to reduce their prices.

Changes in habits, fads and genuine trends in dietary progress resulting from new knowledge of nutrition are at work on the foundations of some of our so-called staple industries. Many of these industries are not at all awake to the needs of genuine research to fit them to supply changing demands. Many of them are indulging in research which satisfies a personal pride but contributes nothing to human knowledge or industrial advancement.

If this condition is lamentable, another, occurring much more frequently, is nothing short of pernicious because it is the honestly intentioned pursuit of a fallacy.

Consider the manufacturer who supports a research staff and laboratories prepared to do fine, original work, and then imagines that every problem of operation is a research problem. His workers become so burdened with routine that they can only think in terms of things as they are. If a business requires a plant control laboratory let it have one, but do not expect original research from it.

It is the manufacturer of specialties, or the developer of the "pioneer industries," such as the electric industry, the automobile manufacturer, home refrigeration and even sanitary plumbing, together with those which cater to fads, hobbies and recreation, who have given us the giant accomplishments of industrial research. One thinks of the General Electric, General Motors, du Pont, Eastman, A. T. & T., and the Radio Corporation among others. It is amongst such corporations that we find industrial research of the highest or-

der. Let us hasten to reply to the small manufacturer who cries out:

"How can we afford such research?"

It is true that these large organizations employ research directors whose names are famous. Under these directors are specialists of the highest training, huge libraries with trained librarians and assistants qualified to compile with insight and intelligence bibliographies and résumés on any scientific or technical subject. Hundreds of journals are religiously scanned for information bearing on the work of the laboratories. Such facilities are not for the small fry.

However, fortunately, he does not need them.

The solution of research for the smaller concerns, and this includes many that would not class themselves among the smaller, lies in the employment of a capable consultant in research, together with subscription to a research advisory service which the consultant should supply, so that the manufacturer, or his research personnel, receives current information drawn from all channels of technical and scientific knowledge, reduced to a form that is sufficiently pertinent and brief for immediate assimilation. Such a consultant with a staff of scientists and technicians read and review the world literature in technology and pure science. This literature is indexed and abstracted and so filed and recorded as to be on instant tap when required. To the client of this service, such information as is of value to him is supplied currently.

With such service a patent service should be included. Every manufacturer should know currently of all patents issued in the convention countries which concern his business. Some of the convention countries, two of the most important, publish preliminary specifications or titles long before formal letters patent are granted. By keeping in touch with these preprints, an American manufacturer may become apprised of a trend in his field before the product or process is actually produced. This enables him to foresee the possibility of an invasion of his market and allows him time to provide against it.

In such a patent service, supplemented with good technical advice, the investment banker should be doubly interested. How frequently a banker is called upon to exercise sound judgment in fields about which he knows little or nothing. Many investments could be saved, or properly safeguarded, if the banker had really accurate information.

Such a service is equally helpful to the inventor and research worker since it provides facilities to evaluate ideas, inventions, and market possibilities. Through the close association with the bankers it should further provide excellent access to capital for development and exploitation. Such service should logically become a clearing

(Continued on page 72)

Coming in May

★ ★ ★

The Worker Wants Two Things

By T. M. Girdler

A SURVEY of some of the broad considerations entering into the relationship between employer and employee with some advice as to how this relationship may be improved.

Reedsville after Two Years

By Millard Milburn Rice

THE Reedsville Experimental Community, begun in October, 1933, was declared to be the measuring stick whereby the value of planned economy was to be tested. In this article an impartial writer measures the measuring stick.

Made in Japan

PENETRATION of Japanese goods into new markets has aroused wide-spread interest—and concern. Is this good or bad for American business? Both—and here are the reasons.

Write To Your Congressman

By PAUL T. CHERINGTON

Of Cherington, Roper and Wood

WRITING to a Congressman is the most futile of human gestures. No waste of time is more complete. The weakest spot in our present system of government lies in the insulation between the citizens and their representatives in Congress. This insulation converts what ought to be a democracy into something quite different.

Of course, one can always write or telegraph to his Congressman or even to the Senators from his state. Now and then one hears of a law-maker being flooded with messages about some pending question, but the spontaneity of these outbursts usually is explained in the course of later lobbying investigations. Also, to be sure, the citizen who has ideas about our federal Government and its doings has his vote. Once every two or six years he can choose between the incumbent and someone else, and once every four years he can vote for presidential electors. But, year in and year out, this business of being represented is rather disappointing. Writing to Representatives and Senators is a disillusioning practice and I propose to present some of the reasons for this which are not widely enough known or appreciated.

"Writing to your Congressman" has become a mockery and, although it has an amusing side it makes one a bit wistful about representative government in the abstract and in the concrete. This one means of contact for the citizen who does not belong to a "pressure group" has broken down completely, and the citizen who does not belong to such a group is getting a bit sore.

Some day there will come an insistent demand for broadcasting the sessions of Congress and the more important Committee sessions. Then, when anybody from the President down does anything below the citizens' accepted standards for statesmanship, he will begin getting his reward right away. But that form of direct contact is now only occasional. So the citizen with an idea has no outlet save to write to his Congressman, or to his Senator, and the result is always the same. Either he gets no reply at all, or he gets back a letter in obviously canned phrases to the effect that this representative of his is glad to hear from him and will give his views his best attention when the matter comes up. Once in a while he gets the wrong form—as I did a short time ago. I wrote to a Senator and thought I had made quite clear my views on a certain matter then in Committee. The telegraphed reply was to the effect that "my" Senator was glad to get my views on the "League of Nations"—which was not what I had written about at all. It was amusing, but it was just a bit infuriating too. It brought



AS an individual, any voter is non-existent. As a member of a group, vocal, numerous, able to vote with some cohesion, he may be able to get himself heard. The demagogues know this

home the present breakdown of democracy for all who do not belong to a "pressure group." And this is something which I believe we all ought to know more about in an election year when there is going to be much talk about keeping the Government in the hands of "the people."

For several years it was my fortune, good or ill, to be "back of the scenes" in Washington and I learned some things about this weak link in our present system which seem important if the real spirit of popular rule is ever to be restored.

First of all, I recall the fine spirit of fellowship prevailing among the law-makers. They were like overripe college fra-

ternity brothers. To be sure, many of them had their dislikes and antagonisms; but they were all brother Greeks, and between them and the Barbarians there was a great gulf fixed.

In the House restaurant at luncheon one day a fine, white-haired gentleman who had come to Congress after a long and successful business career remarked:

Like a college fraternity

"YOU know, when you come to Congress you are admitted to one of the two most exclusive and interesting clubs in the world. The Senate, of course, is smaller and regards itself as a bit tonier than the House; but even we are pretty good, and I wouldn't take a good deal for the experience I am having."

It reminded me, with striking force, of how the Greeks of my college days used to "snob" all the rest of mankind. And perhaps the most important thing of all about this clubby quality among law-makers is the effect it has on their views of the rest of the country and on their alma-matriotism for good old Capitol Hill. As a Greek-letter fraternity man would regard expulsion, or a minister un-frocking, or a lawyer disbarment, or a soldier having his brass buttons cut off, so does a member of either the Senate or the House come to look on being denied his franchise of membership in whichever of these two clubs happens to be his.

When first elected, he may have wanted only one term as a crown to his life; but he soon learns that that is not the idea at all. Once there, he wants to stay. A second

group of recollections revolves around the rule of *seniority*. This never had meant much to me, either as an abstraction or as applied to being governed until I saw the rule at work. But, believe me, it is important!

You see, nearly all the work of both houses is done in committees. In fact, our federal Government has been called a "Government by Committees." Every bill gets referred to a committee, and the committees are supposed to decide what is to be done with it. If the bill is important, hearings are held, and the measure is recast and worked over into shape for formal action. And among committees there are vast differences. A newcomer seldom gets appointed to a committee of major importance, and it takes him a long time to rise to notice in any of those to which he is relegated. But, little by little, he gets better assignments if he is lucky and ingratiating; and about the end of six years or so he may have got his head out of water.

Old men head the committees

BUT the real honors are attached to the chairmanships of the big committees—such as the Senate Committee on Finance, the House Committee on Ways and Means, and the others which carry the ball at the critical moments in the political game. Membership in these committees, even in a humble capacity, comes only with time; and attainment to a chairmanship is a life work. Many of the chairmen are old, and virtually all are long-termers in Congress. It can't be otherwise.

Only seldom does one get into Congress early in life—say 50 years old on the average. Then he must be broken in on small and unimportant committees, which takes from two to six years, before he gradually works up to the big ones. Here again he starts at the bottom and is promoted by influences in which time figures conspicuously. So a chairman of a major committee is no longer young. The bad results of this whole seniority scheme are of two chief sorts—the chairmen of the most important committees are likely to be too old for their jobs and for the responsibilities they entail; and the best of the new brains, fresh from contact with public opinion, are shunted off into long hours of wrestling over museums or post roads.

One of my vivid recollections is of having to appear before an important committee whose chairman had to be wheeled in on a wheel chair, and propped up in place with pillows. It was no disgrace to this man that he was old or sick; but it wasn't a prime qualification for a chairmanship of one of the most important legislative committees. Of course, I do not say that his decrepitude did the country any great harm; my only point is that a process of selection which puts a premium on age, long service, and the



DURING his first term a newcomer is regarded as being very green and is supposed to behave toward older members much as a college freshman must toward upper classmen

other essential elements of seniority is not a good way to select committee chairmen for the law-making bodies of a great republic.

One by-product of this seniority system is that it serves to add one more device for making life in Congress more desirable to cling to. One may some day get to be a chairman of one of the big committees—than which few political sweets are more seductive.

They all like Washington

ANOTHER thing I recall about our law-makers was that while there were several well defined types, and some fine men among them, there was little variety in their views as to the relative attractiveness of life at home and in Washington. A mildly successful lawyer, a retired manufacturer, a doctor who had acquired a taste for politics, a ward-leader who had to be rewarded, or a seasoned politician whom it was wise to have absent in Washington—most of the kinds of men to whom membership in these

two exclusive clubs appeals—are likely to be there partly because life back home is not terribly important to begin with.

Most of these people whom I encountered did not seem to be indispensable at home. Few of either House impressed me as being of the type the office would snatch away from a busy and constructive life. But I realized that this might be a prejudiced view, so I went to their own autobiographic sketches in the "Congressional Directory." For several consecutive Congresses I tabulated the members of both Houses by groups according to their previous careers. The present Congress is not very different; but, just to show that I am not picking on the present personnel but talking about a general condition, I shall use the results of some of those tabulations to show what I mean, rather than the corresponding figures

for the present session, which anybody could work out of the "Congressional Directory."

In those years, about 60 per cent of each Congress were lawyers, ten per cent business men, ten per cent men whose whole adult life had been spent in office-holding and 20 per cent people with miscellaneous other backgrounds. From the South nearly all members of both Houses were lawyers; from Pennsylvania and New York and Illinois came a larger than average number of business men and those of sundry backgrounds; from Michigan, Ohio and Missouri a rather high



SOON after reaching Washington, most lawmakers get a Damoclean vision of the "Supreme Calamity"—defeat in the next election

percentage of officeholders. For the House the preponderance of lawyers may not have been quite as great as in the Senate, say a difference of two or three per cent; but nearly two-thirds were lawyers.

The real significance of these proportions does not lie in the fact that we choose lawyers to be our lawmakers, but in the fact that \$10,000, and mileage, and a spacious office in a marble office building, and clerk hire, and the postal franking privilege, and seniority, and a chance to make speeches, and make laws, would hardly appeal to any but an unusually patriotic lawyer among those of the highest grade; and at the same time these things would appeal powerfully to many lawyers whose abilities would keep their normal earnings below \$10,000, and who would get emoluments only of a meager sort.

Washington attractions

OF course, there have been, and are, many able men among the lawyers in Congress, but the process of selection is such that we need not be surprised to find many of our leading lawyers absent, until it gets much harder than it is now to earn \$10,000 in private practice.

And so with the other groups. The business men chosen will be those who have non-profit reasons for being drawn to the life—for example, those with families having social ambitions fitting into the Washington atmosphere, or those who, having finished a business career, want to round out life honorably, or those who are supposed to have been put in by some special interest. And these can hardly be said to represent business as a whole. In the same way, a farmer, a preacher, a stock raiser, a miner, a doctor who goes into the law-making business is no longer a real representative of his former calling; and most of them find, year by year, that the old ties draw them less.

Moreover, the home life, which is not able to stand up in comparison with life in Washington at the outset, rapidly falls behind after election. Not only is the original balance of advantage in favor of Washington for these people but many elements tend to strengthen the desirability of remaining when once they are in. One of the most powerful of these is the already discussed seniority system. But there are others.

A newcomer—no matter how able—gets into deep trouble if he does not keep still for at least a year. In fact, during all his first term he is regarded as being very green, and is supposed to behave much as a freshman must toward upper classmen. One

term is hardly more than aggravation; but two terms give a real glimpse of the happy land beyond. Chairmanships, an office in the Capitol maybe—with frescoes on the walls—strings of influence which may be pulled, a social status of a sort, an official position in the golf club—all these things gradually come to one who can stay on term after term. But on top of all this, the life itself is thrilling—drifting into and out of committee rooms; making some witness wish he had never been born; long, whispered, or *sotto voce*, conferences in marble corridors; piles of mail to open; and even telegrams to be answered with suave assurances of earnest attention; hustling through the tunnel to answer at roll call whenever an electric bell rings—sounding like the end of class periods in a college lecture hall. All these, together with many lighter touches, make the life seem important and fill it with variety.

All these observations led me to a realization of the controlling motive force in the mind of a lawmaker, and this every voter in the country ought never to lose sight of,

although only a few seem to sense it.

With this weakening of the not too powerful home ties and this strengthening of the comparatively strong call of public service it is no wonder that soon after reaching Washington most of our lawmakers get a Damoclean vision of the "Supreme Calamity." This is a frightful and paralyzing realization of the fact that the Republic—even Democracy itself—is threatened by one horrible possibility—the chance that he may not be re-elected. This is not a personal matter; it is far too big and important for that. It affects the future of this country, at least—and perhaps the whole course of history—in a vital way.

Of course, it is nothing to him personally, he could go back to his law practice, or to farming, or whatever; and in fact, he would rather like to get back to a leisurely life among the home folks.

But the country! Think of all the things he has done right since he came, which otherwise might have been done wrong! And the disgrace of it! Why, it's like being fired from
(Continued on page 58)



FOR NATION'S BUSINESS BY HAMMER

Compiling Bureau Laws

THE daily issue of the Federal Register, which will contain the Administrative Laws issued or prescribed by federal agencies, made its first appearance March 14. The recently enacted Federal Register Act requires that all rules and regulations having general applicability and legal effect be filed with the Division of the Federal Register before they become valid. These rules and regulations will be published in the Federal Register, issued daily except Sunday and Monday and days following legal holidays. It will be of the size of the Congressional Record and limited generally to 32 pages per issue. Current indexes of the material contained in the daily issues will be compiled.

John J. Brauner, pictured above, is its editor. At last the citizens will be able to find in convenient form all the administrative law. The many federal agencies must file their laws with this agency for publication. Among the many agencies affected are: FDIC, FTC, FRB, ICC, FCC, SEC, TC, SSB.

Major Bernard R. Kennedy, director of the Division of the Federal Register, said that in the first 15 months of the present administration the President issued 674 executive orders and the NRA issued 2998 administrative orders, which, together with numerous regulations, could be found only after a search of 5991 press releases. The need for central filing and publication is obvious.

The Business Way



PERHAPS you find these photographs amusing. They were not amusing when they were taken less than 50 years ago. They were not even unusual. The activities shown were a part of the every day life of the representative American family. Not one of these people had ever owned an automobile, seen a motion picture or lived in a home with electric light.

In less than half a century business has



ALL PHOTOGRAPHS
BY BROWN BROS.

ay *Toward the Fuller Life*

made all these, and many other things, commonplace within the reach of the average citizen. Yet business is condemned as selfish, greedy. People say that Government must now provide "the fuller life" for its citizens. They say Government can do this better than business has done it, in spite of the fact that business has developed the automobile—but Government has yet to solve the traffic problem.



PHOTOGRAPHS
BY BROWN BROS.



Business Is Not a Class



HARRIS & EWING

By HARPER SIBLEY

President, Chamber of Commerce of the United States

MUCH of the confusion arising out of the discussion of national economic policy may be traced to misunderstanding or lack of understanding of what business is. Not infrequently it is dealt with as a distinct social segment which can be singled out and regulated and disciplined without disturbing society as a whole.

Actually, it is much more than this. It is the aggregate of all those activities which have to do with maintaining and improving the material environment of human existence—the manifold operations involved in the production, processing and distribution of goods and commodities and the servicing incidental to their use.

In other words, business is the exercise of an economic function, not a class or group or thing. Virtually everybody shares in it or is affected by it, as producers and consumers, as workers and investors, as buyers and sellers, as bankers and transporters. The filling station attendant, the bill clerk, the advertising copywriter are a part of it no less than the corporation executive and the bank president. Investment, management, operation, transportation, distribution and servicing are all phases of it.

Sound national economy must, therefore, deal with business as a function, not merely as a class or group. Whether or not bankers or manufacturers or distributors are collectively regarded with disapproval, banking and manufacturing must go on, if the national welfare is not to suffer. In the field of business activity, there are good, bad, and indifferent persons, but business can no more be identified by the good or the bad than can politics. The one is not all profiteering nor is the other all graft.

Abuses must be condemned. Bad practices should be prohibited. But good banking, proficient manufacturing, and economical distribution cannot be attained by regulating the conduct of bankers, manufacturers, and distributors. Legislation will not supply the motive power which actuates business. Under our system Government should regulate, but not create. Legislation may dam the stream or shift the channel, but this will not increase the flow of the economic currents which are the source of national well-being. That will depend upon the initiative, the energy, the enterprise, and the confidence of the unnumbered millions whose combined efforts to

better their lot, in a material sense, constitute business.

Sound economic policy must be shaped to the needs of business, not to the faults or the virtues of business men. It must be based upon economic facts, not upon the weaknesses and shortcomings of some who conduct economic enterprise, which are too often made the occasion for laying restrictions upon business itself. Misrepresentation and distortion of the facts of business operation and business methods are too often resorted to, deliberately or otherwise, in the turmoil of political controversy.

Facts stand on their own feet. They must be taken into consideration if sound national policy is to be held to a constructive course. To bring them forward in clear perspective, to lift the cloud of misrepresentation and distortion that obscures them, is the obligation of business leadership, regardless of partisan differences.

The purpose of the Twenty-fourth Annual Meeting of the Chamber of Commerce of the United States, which will be held in Washington, April 27-30, is to do this very thing, namely to revalue the basic principles underlying business in America and to bring into the open the facts which should be weighed in molding national economic policy. It will review the conditions of business in this functional perspective—from the viewpoint of producing, financing, distributing, and employing. It will attempt to segregate and analyze those influences which tend to check economic endeavor and to retard the flow of business activity. It will weigh, above all, the facts relating to business recovery in a business light.

Problems to be studied

THE problems of unemployment, of public finance, and taxation, of agricultural instability, of obstructed international trade and many others will be surveyed from this standpoint. Problems of business management and business practice will be considered in a more technical aspect at a series of special round table sessions.

In forwarding this purpose all of those who share in the conduct of business enterprise have an equal responsibility. There is the task of encouraging and stimulating national resourcefulness, of fortifying the traditional American conviction that work will receive its just reward, of reestablishing the assurance that the future is in the keeping of the people themselves and that only by their own effort, guided by sound thinking and careful consideration of facts, can it be made secure.

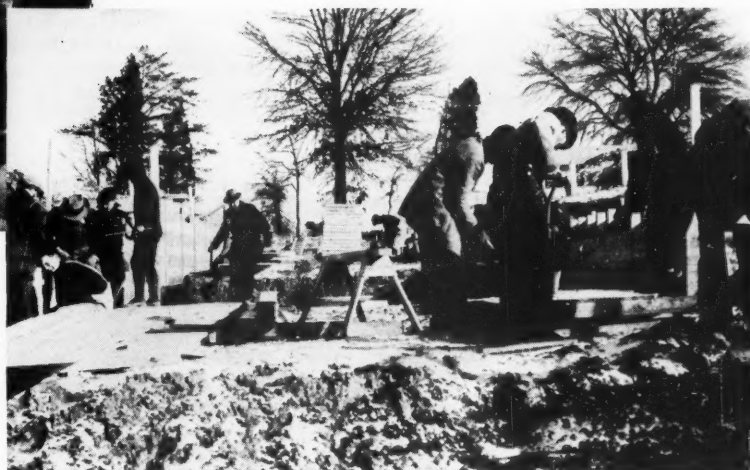
A Yardstick for Housing

By WARREN BISHOP
Of the Staff of Nation's Business



RA PHOTOGRAPH BY MYDANS

Completing the first manhole at the Berwyn, Maryland, project



Even bad weather does not stop the work as the houses at Berwyn are pushed to completion. Prospective tenants are numerous

REXFORD Guy Tugwell, 45-year-old professor of economics, Undersecretary of Agriculture and head of the Resettlement Administration, is credited with a desire to "make over America." He is having his chance. At his disposal he has some \$200,000,000. Moreover, he has drafted plans to spend, in all, \$360,000,000.

It was a year ago, in April, 1935, that the Resettlement Administration came into being by executive order. No action of Congress was required, since the money was to come from those relief funds which were given to the President to spend as he would. This April order and another subsequently issued empowered Professor Tugwell:

1. To administer approved projects involving rural rehabilitation, relief in stricken agricultural areas and resettlement of destitute or low income families from rural and urban areas, including the establishment, maintenance and operation, in such connection, of communities in rural and suburban areas.

2. To initiate and administer a program of approved projects with respect to soil erosion, stream pollution, seacoast erosion, reforestation, forestation, flood control and other useful projects.

3. To make loans as authorized under the said Emergency Relief Administration Act of 1935 to finance, in whole or in

part, the purchase of farm lands and necessary equipment by farmers, farm tenants, croppers or farm laborers.

As NATION'S BUSINESS pointed out in November of last year that was a tremendous grant of power to a man who had shown little knowledge of, or confidence in, business, and who had written:

"Business is being condemned and new schemes are being considered for taking over its functions."

What has the Resettlement Administrator done with this great power? Let's put aside soil erosion, stream pollution, loans to farmers, and confine ourselves to one thing: "The establishment, maintenance and operation of communities."

Community building under the New Deal didn't start with Tugwell. The first NIRA had a subsistence homestead clause with a \$25,000,000 revolving fund. That

clause was "to provide for aiding the redistribution of the overbalance of population" but its administrators never could quite decide whether they should start with existing industries and build homes within reach of them or should create industries around which homes should cluster.

The latter idea was tried at Reedsville in West Virginia, now known as the Reedsville Experimental Community.¹ It was tried in other places with varying, but usually slight, success. These projects Professor Tugwell inherited when the Resettlement Administration was set up. They were tottering because it was difficult to find an industry that was ready to venture to a new site and deal with frequently untried and sometimes unskilled workers.

One of these inherited experiments was at Hightstown, N. J. Here was shown the weakness of this type of planning—of setting up a community to be dependent upon a central factory when there is no assurance that there will be an industry to occupy the factory.

Hightstown took root and blossomed when the plight of a group of men and women workers in the needle trades was brought to the attention of the President's wife and then to official agencies. These people's eagerness for a new chance in life brought up the question, "Why not gather these folk into a community which should include a factory (to be erected) whose workers should live in comfortable homes (to be erected), grow part of their food on their own half-acre (yet to be paid for and planted) and draw the rest of their food needs from surrounding farms to be encouraged, even cultivated, by a kindly Uncle in Washington?"

The community was to be known as "Jersey Homesteads."

The new community soon got under way, at least as

¹What the Government has accomplished at Reedsville will be discussed in the May NATION'S BUSINESS.

far as plans were concerned. Dozens of architects and others were set to work. One man who had been employed by RA told the writer that at one time 150 were at work on this 200 house project. Another worker laughed at that and said:

"I doubt it. I know there were more than 30. Maybe there were 150 coming and going."

Building a garment factory

A COMPETENT contractor would tell you that four would be a good-sized staff. However many there were, they weren't just drawing plans for houses to be built at once. They were drawing community buildings for educational and social functions, site plans, and factories.

Land bought, plans drawn, the Subsistence Homestead Division of PWA (as it then was) found some garment contractors in New York who thought they might be willing to occupy a government-built factory in New Jersey if rent were reasonable and a labor supply assured. Apparently no government agency ever entered into a binding contract with any employer of needle workers to occupy such a plant. That was left to fate.

Then it developed that there would be no rush of needle workers to Hightstown, even if jobs were waiting. The Ladies Garment Workers' Union didn't approve. They had heard that there was to be some sort of a co-operative factory with government backing. However, the factory has been completed and the Resettlement Administration says that tenants have been selected for the project who will work in the factory. It states that the garment industry definitely will be established and that the union is cooperating.

Meanwhile, Subsistence Homesteads had become interested in the plans of Quentin Twachtmann of New York for the mass production of low cost houses. The idea was that the walls should be cast in single concrete



Plan for a "green belt" town, designed to bring a new union of rural and industrial circled by tree filled parks, homes with gardens, main highways routed around, not

slabs and the Government erected a plant at Hightstown to cast these slabs. That was to be a great demonstration of efficiency. As soon as all the concrete slab houses were finished, the plant was to be taken apart and reerected on another Resettlement project. Meanwhile, the foundations of 200 houses were laid and all was ready for the work above ground when trouble developed between the Administration and Mr. Twachtman. Apparently there had never been a contract, just an interchange of ideas. Mr. Twachtman withdrew and Jersey Homesteads was left in about this plight:

No factory ready for workers.

No workers ready for factory.

Plant to make concrete slabs which couldn't make 'em.

Foundations for houses but no way to finish them with concrete slabs.

It was decided to use cinder block construction and some houses were begun. Also the outlying farms were cultivated. There were no needle workers to eat the vegetables but some potatoes were sold to the Navy.

That's the short story of a subsistence homestead. But not all of the puzzles growing out of that project can be laid at Administrator Tugwell's front door. Subsistence Homesteads were never his baby.

What Mr. Tugwell, in remaking America for the more abundant life, really wanted most of all was garden cities or, to use a phrase more favored at the moment, "Green Belt Towns." On paper at least the idea is charming. Homes with gardens, homes surrounding a central campus and circled by tree-filled parks, a minimum of through roads and a maximum of safety from automobiles.

England has developed such communities at Letchwood and elsewhere; Germany has experimented apparently with success. Here in this country, Radburn in New Jersey presents some new features. But all these were intended for people of modest income. Professor Tugwell's charter from the President talks of "destitute or

low income" families. If we take "low income" to mean \$1,000 or less, few low income families, if any, will live in a Green Belt Town.

But the idea of such communities is embedded in the Tugwell mind. He decided to create five, all to be located near good-sized communities within easy distance of a market for labor. The original selections were Milwaukee, Washington, St. Louis, Cincinnati and Bound Brook, N. J., the last named a tributary to New Brunswick and nearby factory towns. This was the set-up and the proposed costs:

Berwyn (in Maryland, near Washington)	1,000 families	\$6,950,000
Bound Brook	750 "	7,150,000
Cincinnati	1,500 "	8,750,000
Milwaukee	750 "	7,050,000

Resettlement quit St. Louis because it couldn't see eye to eye with the local City Plan Commission. The Administration, without the help of the local authorities, took options on 4,000 acres about 12 miles out in northern St. Louis County, a pleasant country where some old families and a number of retired business and professional men live but not within easy reach of industries. The city planning group wanted Madison County, Ill., where dwell great numbers of workers, poorly paid and poorly housed. The Resettlement Administration would have none of Madison County, the two sides couldn't agree and St. Louis has no suburban housing development at present.

Two views on location

THE Resettlement Administration defends its attitude toward a site at St. Louis by saying:

"They (St. Louis folk) wanted to put us down in a swamp where smoke from factory chimneys clouded the landscape."

It's well to balance those two points of view. The St. Louis planners wanted a new settlement, if one were to be built, that should help the low class wage earners; the Resettlement Administration wanted to show how an attractive suburban community could be built for a more prosperous group.

Of the other four units under way, that at Bound Brook presents the most interesting immediate problem. There was to be set up a "model green belt community . . . to demonstrate a new union of rural and industrial life." There was to be a town "to provide homes at low rent for the families of 750 working men." Motor roads were to go around it or, if they didn't, underpasses were to be built. And more:

At the town's edge, in place of the dump heaps, the misplaced factories and the generally blighted areas common to so many unplanned communities, there will be a green belt of farms and forests. The green belt will bring these industrial workers and their families into direct contact with the soil. If they wish, they may grow their own vegetables in allotment gardens under the supervision of a resident agriculturist. If they do not, they may purchase them from the farmers in the belt, who need only to cross the fields to bring their products to market. These farmers, too, are citizens of the same town as the factory workers with whom they trade.

To preserve the planned character of the project, it is obviously necessary to maintain it in a single ownership. The Resettlement Administration proposes to set up this ownership in such a way that the town will pay its share of taxes and fulfill in every way the functions and obligations of a normal American community.

Here the Resettlement Administration reckoned literally "without its host." The neighbors, or some of them, didn't want a green belt town. They didn't feel sure that the new community was a desirable neighbor. They weren't sure how the incomes would affect their local

(Continued on page 69)



life. A central campus through, the community

Making Disaster Pay Dividends

By ROBERT TALLEY



Bill Robinson's reception room is modelled after a Pullman club car, complete even to observation platform

FLAMES roar through a cotton compressing plant, casting a weird glare over the wrecked machinery and hundreds of charred bales—

A river steamboat strikes a hidden snag and sinks.

A Mississippi flood creeps up the walls of a cotton warehouse and, receding, leaves a knee-deep mess of slime and tangled debris.

Fire, flood, storm and disaster—the very elements which have sent countless firms into bankruptcy—have built in Memphis, Tenn., a million-dollar-a-year business.

It is the McCallum & Robinson cotton pickery and, in case you don't know, a cotton pickery has nothing to do with picking cotton. It is a salvage plant that reconditions damaged and irregular cotton and puts it in shape for the market. The flame-blackened and water-soaked bales that come from fires and floods supply its raw materials.

Today's plant whose 20 buildings spread over 15 acres in a Memphis

suburb is a far cry from the parent plant of 1914 which included only a small wooden shed, some racks where a few negro women dried wet cotton in the sun and a two-wheeled dray, drawn by an aged and decrepit white mule, on which a negro employee carted the finished product away to the nearest warehouse.

A part of the enterprise now is the Romac Mills, one of the world's largest manufacturers of mops and mop heads, which has operated on a continuous night and day schedule for seven years.

But more spectacular than the story of the business itself is the story of the two men behind it—Luther McCallum, who died suddenly in November, 1934, and William W. (Bill) Robinson, his partner and bosom friend, who is today the president and active head of the big salvage plant and its mills and factories.

The story of their success is as dramatic as anything that Horatio Alger ever set down in the pages of

WHEN hard times threw Bill Robinson out of a job, he did not ask for a dole. In his search for work, he found a partner and they founded a business with little capital except hope and ability

fiction. It is the story of a mechanical genius and salvage expert, McCallum, and a go-getting young salesman, Robinson, whom chance threw together 22 years ago.

Back in the summer of 1914 when the outbreak of the World War sent cotton prices to the lowest levels in history and bankrupted hundreds of southern cotton firms, Bill Robinson, then in his early 30's, was employed by a firm of Memphis cotton factors.

Bill's parents were Albert James and Lucy Robinson, who originally came from Charleston, S. C. The elder Robinson, a Confederate veteran, became active in extensive farming in the Mississippi Delta. Bill was born on a plantation in the lowlands near Locke, Tenn., a tiny hamlet whose dozen houses straddled the road a few miles north of Memphis. As a boy of 12, he moved to the City to attend public school.

Cotton in the doldrums

COTTON was down to five cents a pound, panic gripped the market and the well intended but futile "Buy a Bale!" campaign by which the South hoped to stave off complete disaster was at its height when young Robinson's employer called him into his private office one dismal September morning.

"Bill," the boss said, "this firm is retiring from business and you are out of a job. I'm sorry that I haven't anything to suggest, but I feel sure that you will find something, even though

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3 5.05 Written with
three keys—IN ONE MOTION!

1 4.03 Written with
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three keys—IN ONE MOTION!

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times are mighty tough just now."

And Bill Robinson did.

With nothing else to do he began loafing around a small cotton pickery operated by Luther McCallum whom he had met while employed by the firm of cotton factors. He offered to help out in any way he could and soon the two men became friends. A little later they decided to enter into a partnership and the firm of McCallum & Robinson was born.

In the beginning the partners had little but hope and ability. Damaged cotton was practically worthless but they could foresee that, when normal conditions returned, thousands of bales of fire-blackened and water-soaked staple could be reclaimed at a profit.

At the end of the first month fire swept the shed, destroying their stock and their meagre mechanical equipment. When the partners counted up after the smoke had rolled away all they had left was the white mule, the two wheeled cart and \$1,300 in insurance money.

Building a new plant

THE future seemed about as black as the charred ruins when young Robinson recalled that he knew a Memphis banker who had once salvaged some water-soaked wheat and profited nicely thereby. Robinson went to the banker, explained his and McCallum's plan for salvaging damaged cotton—and got the loan that was needed for a new plant.

With these borrowed dollars and the insurance money they built their new plant on the company's present site. Disaster, even their own, was turned to their advantage since the new plant was much nearer than the old one to the floor sweepings, discarded samples and other irregular

cotton from the big warehouses and compresses. In a one-room corrugated iron shed they installed an old baling press and some second hand re-ginning machinery that McCallum had picked up somewhere and tinkered into running order.

The venture was a success from the start. By the time the new plant was ready to operate, cotton had risen to 13 cents a pound, their stock on hand enhancing \$35 a bale. A few weeks later came their first big job when they salvaged a big lot of water-soaked cotton from a ruined compress in Pine Bluff, Ark., and cleared \$7,000 in six weeks.

Now they were on their way. They changed the partnership into a corporation with the stock divided between them and year after year they added new buildings and new machinery as a steadily increasing supply of burnt, flooded and damaged cotton poured into their warehouse.

Then came the South's worst disaster since the Civil War. They made it their golden opportunity.

In the spring of 1927 the hard-pressed levees broke and the greatest flood in the history swirled over the lower Mississippi Valley, inundating 20,000 square miles, causing incalculable property damage and leaving a half million people homeless. Thousands of bales of cotton were engulfed as the rising water covered gins, compresses and warehouses.

Luther McCallum and Bill Robinson were at the forefront in the army of rescue and relief workers. In a fast motorboat with a train of rowboats in tow they sped south from Memphis and began taking survivors off housetops and out of trees. From one house they took the body of a dead man and, with it lying between them, drove miles to the nearest land.

When the emergency was past and

the flood receded, McCallum and Robinson began buying water-soaked cotton. And how they bought! In some cases, the entire stocks of ruined warehouses and compresses were purchased.

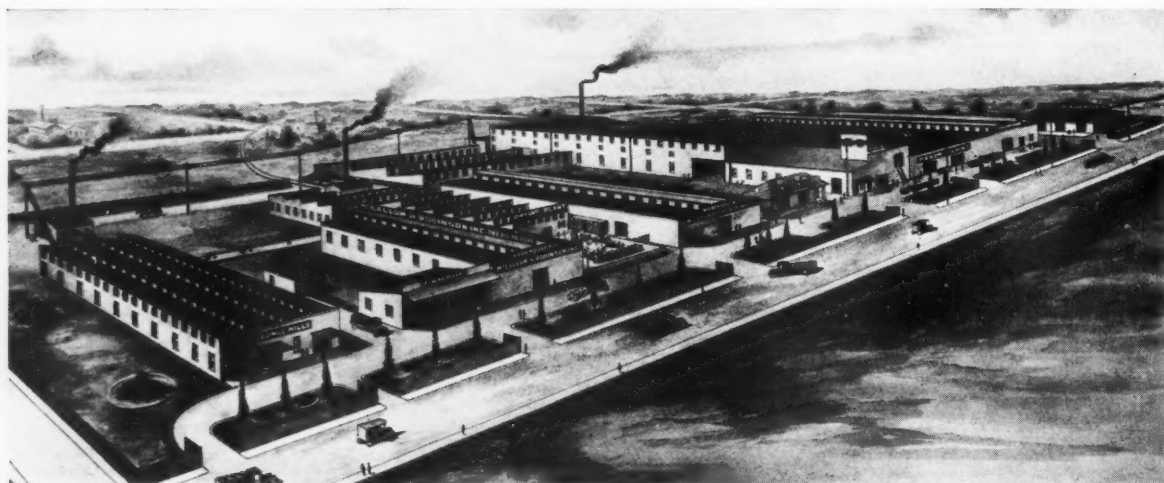
Enlarged drying capacity

LONG before the carloads of soggy bales began to pour into their Memphis pickery they realized that their equipment would be woefully inadequate. The small steam dryers which the inventive Luther McCallum had designed and constructed could never carry the load. Just about that time they learned that the federal Government was offering a huge mechanical dryer for sale at its abandoned Old Hickory powder plant near Nashville. More than 100 feet long, as high as a box car and equipped with more than a mile of steam coils, it had been used for drying cotton for wartime ammunition manufacture. Luther McCallum chartered a plane and flew to Nashville to buy it while Bill Robinson stayed in Memphis and arranged with the bankers for a loan.

As the big plant hummed night and day new markets had to be found for the reconditioned cotton. Thousands of bales were sold to auto manufacturers and other firms, but even this was not enough so McCallum and Robinson started a mill to manufacture cotton yarn. It was to supply a rope factory which they launched as a separate corporation, distinct from the yarn mill and the pickery.

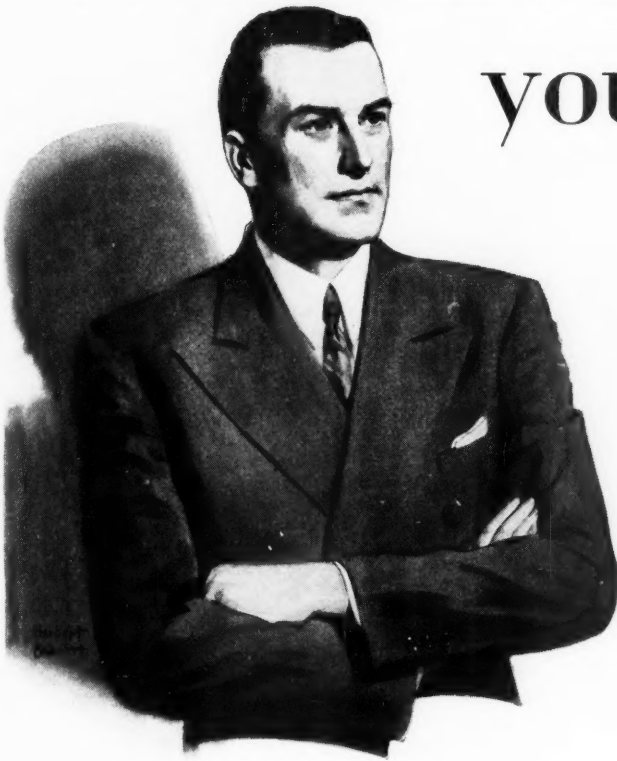
Bill Robinson would rather you wouldn't mention that rope factory; it brings back painful memories. He and Luther made enough rope to girdle the South several times—and almost enough to hang themselves. The upshot of it was that when the price

(Continued on page 76)



The 20 buildings of today's plant are spread over 15 acres in a Memphis suburb. Here machinery designed or adapted by the company reconditions damaged cotton for the market

What about your Future



YOUR future and that of your family is probably represented to you by a large question mark—as it is to most men and women. So many things to wonder about—so much to puzzle over. The question of funds, for instance.

If you are a family man, you may have found it difficult to put aside an amount that will safeguard your dependents—and you know that they must be provided for if anything happens to you.

And the day will come when you will want to say goodbye to work. What then? Money will be needed. Fortunately there is a way to take many questions of doubt out of the future—to make it safe financially.

Life Insurance has saved millions of men and women from day after day worry as to how to provide money which surely will be needed. Why not let a Metropolitan Field-Man talk it

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Portrait of a Business Pioneer

By PAUL McCREA

Associate Editor, Nation's Business

TO those who feel that the last frontier passed out with the coon skin cap and the flintlock rifle this story of a man who found his own frontiers on the main travelled highways of this and other nations of the world is respectfully dedicated

ON A CERTAIN night in 1878 the quiet of Williston College in East Hampton, Mass., was shattered by the unholy ringing of the chapel bell. It was a misguided and intermittent ringing broken by periods of silence in which the college family would compose itself thankfully to slumber only to be roused once more as the bell let off another salvo.

Finally somebody pulled on his pants and went to see what it was all about. He found a big-eyed cow tethered to the bell rope. This robust humor caused no merriment among the college faculty. When the revealing dawn disclosed that the colonial columns in front of Prexy's house had been painted as barber poles the joke didn't seem any funnier.

Stern questions were asked and somebody didn't give satisfactory answers. The college careers of several young men ended abruptly. Prominent in the exodus was George S. Bartlett, Junior, of Tarrytown, Westchester County, New York. He was philosophical about it. He didn't think he could have passed the examinations anyhow.

We will draw the veil here on what was probably an unpleasant domestic scene. We have little information about George Bartlett's father. However, since he was a member of the New York Stock Exchange and a large stockholder of the Northwestern Railroad it is likely that tying cows to bell ropes did not have his heartiest approval as an extra-curricular activity.

The fact that George Bartlett began his business career in January, 1879, as a bill clerk for the Northwestern Railroad in Milwaukee seems to justify this reasoning.

If this parental discipline was expected to chasten a capricious son, however, it failed. Nothing has ever chastened George Bartlett. He would today still tie a cow to a bell rope if it suited his purpose and, if he could sell concrete by doing it, he would put the cow on



George Bartlett has probably sold more concrete than any other living man

the weathervane. He has sold concrete by methods just as unorthodox.

For George Bartlett, sometimes flamboyantly called the Apostle of Concrete, has probably sold more concrete than any living man. And he is still selling it in spite of the fact that his own industry has twice retired him.

The first time was in May, 1916. George Bartlett was 58 then. The mighty in the concrete industry felt that he had earned retirement. Under his evangelism concrete paving had grown from an interesting novelty to a commonplace.

So they put on a banquet in his honor and presented him with a heavy wooden chest.

"What's in there?" joked George. "The poker chips I didn't win last night?"

But when he opened the chest, he found \$6,000 in \$20 gold pieces. He gulped a little and tears were actually in his eyes when a man made a speech which ended with:

"And here's the chest of gold at the rainbow's end."

Refused to retire from selling

GEORGE BARTLETT took the chest and went on selling concrete. It turned out he hadn't really begun to sell concrete in those early years. In 1928 he toured Brazil, the Argentine and Europe.

When he came home, a grateful industry assembled again to do him honor on his birthday. This time they gave him \$10,000 in cash. But they couldn't keep him from selling concrete.

He is at it yet, his cigar at a 60 degree angle, his old-fashioned high-topped shoes meeting the heavy underwear under the black cotton socks, big polkadot butterfly bow tie flaring over a gold collar button. And his enthusiasm is just as great as it was in 1884 when he quit railroading to become manager of the Milwaukee Cement Company. Connections with the Western Portland Cement Company at Yankton, S. D., and with the Marquette Cement Company followed.

He wasn't the Apostle of Concrete then but he was giving such a good account of himself that, in 1909, when the first mile of concrete road was built in this country,



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You do, of course, and the absolute limit of motor car safety will be yours in the *new 1936 Chevrolet!*

Its New Perfected Hydraulic Brakes—exclusive to Chevrolet in its price range—give unequaled stopping power. Its steady, stable Knee-Action Ride*—likewise exclusive to Chevrolet—makes the moving car seem a part of the road itself. Its Solid Steel one-piece Turret Top Body—found only on this one low-priced car—surrounds passengers with the safety of steel. And an equally exclusive Fisher No Draft Ventilation System protects health by giving passengers individually controlled ventilation without drafts.

You are entitled to ALL these features in your new car; safe driving demands their presence; and you can get them, at low prices, only in the new 1936 Chevrolet.

Give your family one of these new Chevrolets and you will be giving them the safest motor car that money can buy!

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

The only complete low-priced car

CHEVROLET

A GENERAL MOTORS VALUE

Benjamin F. Affleck sent for him. The concrete roads you drive over today are largely the result of that conference.

Affleck was then sales manager of the Universal Atlas Cement Company. He had heard of the new concrete road and it looked like a fine new market for concrete.

"What do you know about concrete roads?" he asked Bartlett who came down to Chicago from Milwaukee in answer to his letter.

"Not a dang thing," said Bartlett, "and neither do you."

A sample road near Detroit

THAT was true enough and, further, it seemed apparent that, since the road was in Wayne County, Mich., just outside Detroit, they couldn't improve their knowledge sitting in Chicago. So Bartlett went to Detroit where he talked with Edward N. Hines who was—and still is—highway commissioner for Wayne County.

Mr. Hines had designed the concrete road, but he preferred designing roads to talking about them. He took Bartlett out to the stretch of concrete and pointed at it.

"Here it is," he said. "Look it over and if you want to build one somewhere else, go ahead."

Bartlett went back to Chicago for a conference with Affleck and with Hagar, then president of Universal.

They agreed that, properly exploited and promoted, highways offered the greatest field for the use of cement at that time in the United States.

"But," Bartlett told them, "it is going to cost a lot of money to promote them."

"Why?" the others asked.

"Well," Bartlett told them, "you've got to take people to Detroit and you can't carry them around in a gripsack like you do paper collars and neckties."

Getting people to go to Detroit was only part of the problem, however. Once there, it was necessary that Ed Hines should show them his concrete road and explain

why he used that material instead of something else. So Bartlett went back to Detroit.

"Hines had dinner with me at the old Pontchartrain Hotel," he says, "and we talked the matter over. He wasn't interested at first. Didn't want to do it. Said he didn't care what anybody else did. But finally he agreed that he would talk to any people we brought to Detroit if it didn't take too much of his time."

The persuasion Bartlett used is not recorded. He used different methods at different times. Maybe he knew people. Maybe he just knew how to sell concrete. Anyhow he went back to Chicago. Affleck and Hagar were ready to make the necessary appropriation to promote concrete but one problem still bothered them.

"Who will we get to run this thing?" Affleck wanted to know.

"I don't know," Bartlett said.

Finally Affleck said, "Will you tackle it?"

Bartlett said, "Yes," and that agreement was closed.

"When will you start?" Affleck asked next.

"We've already started," Bartlett said.

"That was the end of the conversation," George Bartlett remarked just the other day. "And from that day until I left Universal, Ben Affleck never asked me a question. He never questioned where I was, how long I stayed, how much money I spent or why I was there. That was what turned the trick and did the work."

There aren't many sales managers like that. But then there aren't many salesmen like Bartlett.

Soon that Michigan mile of concrete was getting extensive publicity. Engineers and public officials from all over the United States went to inspect it. Many of them were guided there by George Bartlett. As a result of those visits many states began to use concrete for highways. The choice was not made merely because they looked at a concrete road and found it good. Other questions wanted solving as, for instance, in the case of Indiana.

Indiana has concrete roads largely because a prominent South Bend Club had an annual dinner. George Bartlett attended that dinner as the guest of a member. In the course of the evening somebody inquired who he was and his host explained that Bartlett was there to get the club's support for a program of road building in Indiana.

Legal tangles

THIS led to a discussion of highways.

Among the club members was J. M. Studebaker, founder of the Studebaker organization. He had pretty definite ideas on what could and could not be done in road building. So did several other club members.

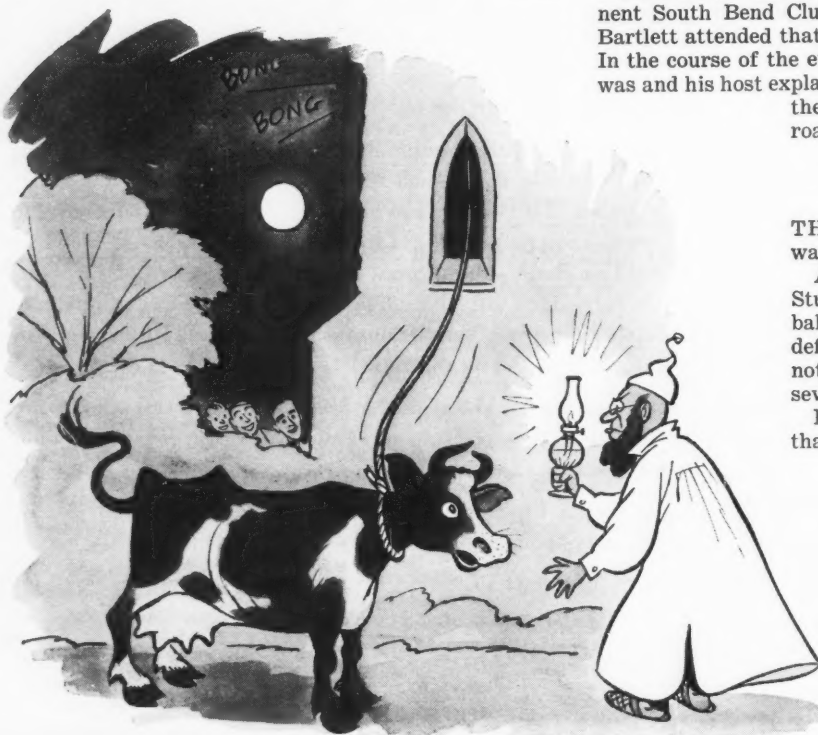
Finally George Bartlett remarked that the club members were "talking through their hats."

Mr. Studebaker did not take kindly to this opinion and said so. Bartlett turned to him.

"You may know all about making plows and wagons but you don't know anything about road building," he said.

Several members escaped apoplexy by a single symptom. It was common knowledge that nobody ever dared question a Studebaker's knowledge about anything.

Bartlett was unabashed. To



He found a cow tied to the bell rope. Stern questions were asked and the college careers of several young men ended abruptly



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So valuable is the truck, the owners, the United Motor Transport, keep a new Diesel engine in reserve, ready and waiting for instant replacement. They can't take chances on

tires either. Schedules are fast. Roads are rocky. Curves are sharp. So every tire on the job is a Triple Protected Silvertown—built for just such heavy-duty service as this.

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Find out more about the biggest tire development in years—the costly inven-

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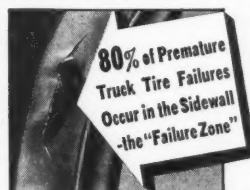
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prove his contention he pulled out a copy of the Indiana law. As the statute stood then it was against the law to build an Indiana road out of concrete. Only sand, gravel or some combination of the two was permissible. Bartlett passed the copy of the law down to Mr. Studebaker who read it carefully and passed it back.

"You're right, sir," he said. "That law should be changed."

And it was, although a merry little row resulted when it turned out that the amendment was so worded that no material except concrete could be used for Indiana roads. So it had to be changed again.

Let Mr. Bartlett go on with the story:

"On Decoration Day, 1911, I came down from Milwaukee on a morning train, arriving at the Universal office about 11 o'clock. As I walked around the corner of a hall I saw six or seven men standing in the corner talking.

Holiday business

"I SAID, 'Who are you fellows? What are you doing around here on a holiday?' And one of them spoke up and said:

" 'I am the mayor of Connersville, Ind.'

"He then introduced me to the president of the First National Bank; to Mr. Greenwood, an engineer in Connersville; a man named Earl Crawford, who later became prominent in Indiana, and a contractor by the name of Connors. They said they had come to Chicago to get information about different kinds of material for street paving. They had called at the City Hall but found it closed because of the holiday. The contractor member of the party had suggested that he knew some of the boys at the Universal Company and so that's how they happened to be in the hall when I came along.

"I dragged them into Ben Affleck's office. That noon we had luncheon at the Congress Hotel. That night we went to Detroit and 60 days later they let a sufficient yardage of concrete paving in Connersville to consume 18,000 barrels of cement. That was the first contract that I know of, of any size, for paving, and that's how it happened."

Let Mr. Bartlett tell, too, how a certain governor of New York was made acquainted with the advantages of concrete roads. Armed with a letter of introduction from Champ Clark, then Speaker of the House, Mr. Bartlett went to Albany but for two days could not get an audience with the Governor:

"Finally a fellow I met said, 'You meet me tomorrow morning at 11 o'clock and I'll present you to the Governor.'

"We went into a room I would say was 70 feet square and all around this room against the wall were old-fashioned bow-back kitchen chairs. At one end of the room was a little platform about six feet high. On it was a kitchen table and back of it was another of those kitchen chairs. I sat there for a while and talked with this friend and it got to be a quarter of twelve. No Governor. Finally I asked him where the Governor was. Except

that door where we came in there was no other door in this room. But there were a lot of panels. This man said:

" 'The Governor will come out of that panel over there. That's his private office and he'll take his seat on that platform and then he'll ask the question, 'Does anybody want to see me?''

" 'Then you mean to say that we have to sit here until the Governor decides to come out?'

"My friend said, 'That's the way he does business.'

"I said, 'He can't do business with me that way.'

" 'Well,' my friend said, 'I doubt whether you will be able to see him then. Very sorry.'

"We sat there a few minutes more and I said, 'Where is that panel that leads into the Governor's private office?' And he pointed it out.

" 'Well,' I said, 'I guess I'll go in and see him.'

"He said, 'Good Lord, don't do that. That's his private office.'

"I said, 'I don't care if it's John the Baptist in there. This is a joke.'

Disturbing!

"THE Governor was very angry because I had intruded into his private office. He said so several times. He looked like Buffalo Bill. He had long black hair, coat and vest off and collar unbuttoned. It was a very warm day. But after a little while I told him he shouldn't get excited because I had a letter from my old friend Champ Clark to him. To this the Governor responded very generously and

asked what I wanted. I told him my story and as a result he referred me to the right people and in a few months the concrete road was initiated into New York."

Bearding lions in their dens was all in the day's work so far as George Bartlett was concerned. New Jersey, as another example, would have fewer concrete roads if Bartlett had waited until a famous Colonel, then highway commissioner, had invited him to a conference. Failing to get the invitation, Bartlett walked into the Colonel's office after the office force had gone to lunch. The Colonel was at his desk. Bartlett said:

"Good afternoon. Is this Colonel Suchaone?"

"That's my name," said the man, not looking up.

"Are you Commissioner of Highways in New Jersey?"

"Yep, that's my job."

"Are you sure you're the Commissioner?"

The Colonel said, "I guess so."

Bartlett kept right on talking.

"Tell me something. Are you a member of the distinguished Suchaone family of New Jersey?"

Still the Colonel didn't look up. But he said, "I am." Bartlett said, "By the eternal I don't believe it, because in my opinion you're a discourteous old pup."

And he started to walk out.

The Colonel turned around then.

"Who are you?" he said.

Bartlett said, "Nobody."

"Where are you going?"

"I'm going to Philadelphia if the train's running."

(Continued on page 88)



The Governor was angry when Bartlett intruded in his private office



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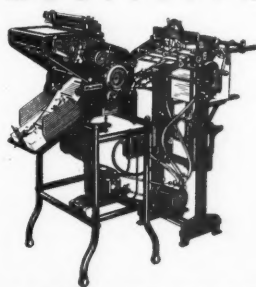
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A recently improved process for giving steel parts a stainless steel surface is also applicable to billets and bars, these retaining that surface when rolled into sheets, strips, wire, etc. Commercial type furnaces can be used in the process. . . .

A new light, open-web steel stud has been developed for use in exterior or interior residential walls. . . .

Any standard foot-type constant-speed motor may be used with a new variable speed control mechanism. Mechanism and motor are in a compact housing. . . .

Cost of tiling is cut by a new method of setting, involving metal strips which fasten to wall or floor, forming a frame into which the tile is snapped. Tiles, strips are removable. . . .

A new light, cellular face brick contains 65 holes. Made from de-aerated clay, it is offered in standard and 3 $\frac{1}{2}$ " x 5" x 12" (105 holes) sizes, is said to afford efficient insulation. . . .

Odors in home, hospital, etc., are said to be destroyed by a new deodorant, a small, sparkler-like torch which strikes like a match. It may be had in scented or unscented form. . . .

A solid copper skillet, chromium plated outside and in, which can be kept shining without scouring is now on the market. It's rust-proof, heats quickly and uniformly. . . .

Made of aluminum foil, a new milk bottle cap has a cupped top which fits the cap seat, a rumpled skirt which covers the entire pouring roll. It's applied in one operation. . . .

A new leak-proof pocket perfume dispenser consists of a metal shell which receives (and unseals) a hermetically sealed refill vial. One squeeze, one drop of perfume. Principle's applicable to many other liquids. . . .

A colorful new lamp shade material is offered, a cellulose acetate material which can be pleated, cemented, stitched, formed. It is described as durable, washable, heat-resistant. . . .

The optical equivalent of white diffusing glass, a new translucent plastic is being used in reflectors, shades of lighting equipment in place of heavier, more fragile glass. . . .

Another new plastic is described as transparent, available in any color (save water-clear crystal and that may come soon), resistant to alcohol, water. By a new process, two-tone articles can be made in one piece, without gluing. . . .

Designed to eliminate light waste, a new incandescent lamp utilizes inside silvering, specially placed filaments and neck reflector to concentrate all light output on the working area. . . .

A circular mercury vapor tube and an incandescent lamp are combined beneath one reflector in a new self-contained lighting unit for industrial use. Its light is said to approach actual daylight, to permit accurate color perception. . . .

Unusual insulating qualities, waterproofness are claimed for a new box-liner. It's made in a single piece for insertion in standard-size boxes or cartons. . . .

Three ordinary dry cells supplant the usual A batteries in a new battery-operated, self-contained portable radio. It also embodies a new-type speaker which reduces battery-drain. . . .

A new radio, phonograph and microphone program transmission system for large stores, hotels, etc., operates from a single cabinet, includes "talk-back" facilities under which distant loudspeakers serve also to pick up and return sound. . . .

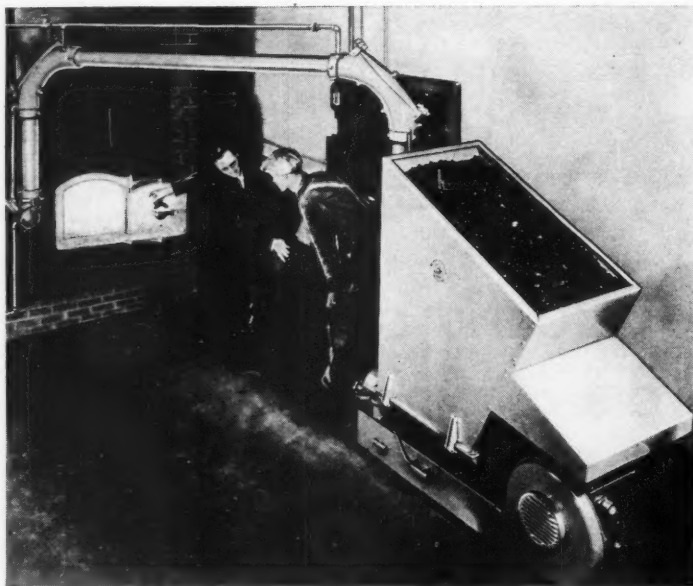
Pre-finished metals which have a specially adhered paper covering to protect the bright surface during stamping, forming, and handling are now offered manufacturers. . . .

Freight handling is speeded by a new container which rolls from ordinary flat car to truck (and *vice versa*) on its own disappearing, pneumatically-operated wheels. . . .

Iron paving plates, reported last month, have a rival in a new steel plate, having antiskid buttons, which anchors to concrete slab. There's also a smooth-surface type for floors. . . .

A new wood screw has a square recessed hole in its head in place of the usual slot. Held on a special driver, it is easily guided into difficult positions, driven with one hand. . . .

A new paste is said to be water-proof, non-soiling to hands, to form a thin rubber tissue which peels cleanly from most surfaces. Uses: Applying window posters (also available in colors for window lettering), office and home applications. . . .



Designed to permit efficient burning of low-grade fuel, a new overfeed stoker floats coal, ranging from dust to 1 $\frac{1}{2}$ " lumps, into the furnace on a stream of air

Units for wood and metal working are combined in a new assembly of equipment for home or small shop use. Complete assembly permits 14 operations. . . .

Facsimile copies are made by a new, simple portable apparatus for office use. Photographic paper of low sensitivity which can be handled and processed in normal light is used. . . .

Handle of a new razor has a ball joint (under spring tension, adjustable for soft or stiff beard) which gives a resilient stroke. Blade can be elevated from guard for closer shaves. . . .

Pipes can be lighted, right down to bowl bottom, with a new desk or table electric lighter. One simply presses the lighter handle, lifts it from the base and passes it to lighter-uppers. . . .

—PAUL H. HAYWARD

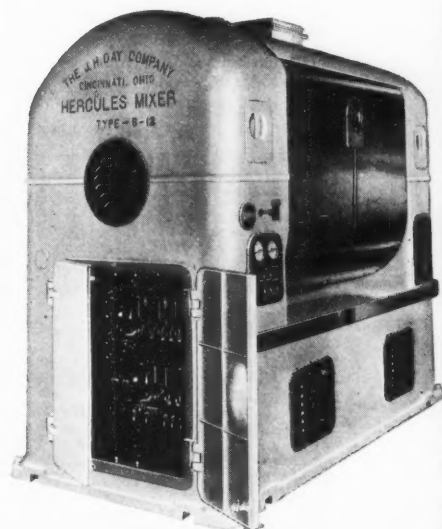
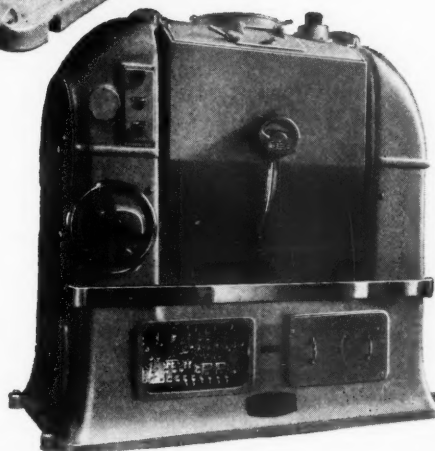
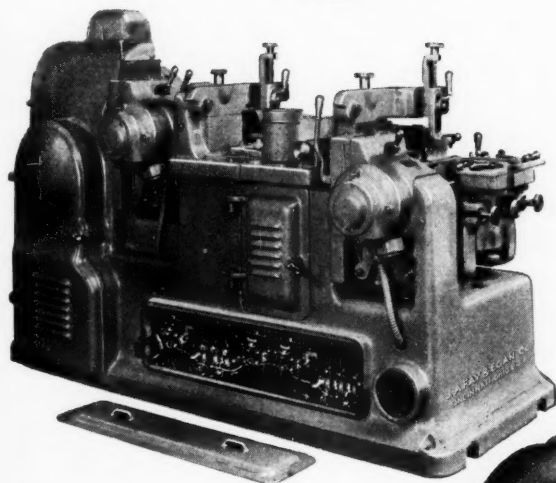
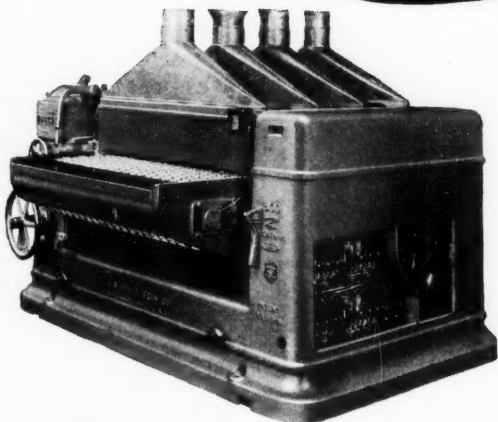
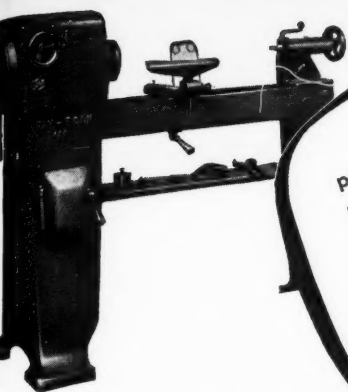
EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

"Observation at the Machine Tool Show proves clearly that the two outstanding developments in design of machine tools are the increasing use of motors and the building-in of electrical controls. *** That these trends will spread quickly to other types of machinery is just as inevitable as was the spread of the idea of designing for appearance as initiated by the automobile industry."

TO BUYERS OF *Machinery*

This statement made by a leading magazine in the machine tool field, after the recent machine tool show at Cleveland, is food for thought for any executive. To be sure of buying modern machines, judge by the Motor Control. Keen builders of machines for every purpose from Air Conditioning through the alphabet to Woodworking are already featuring "built-in" Cutler-Hammer Motor Control. Such machines are modern . . . definitely better . . . for they add the economies of correctly applied good Motor Control to all other savings made. More and more machine builders are consulting Cutler-Hammer engineers before new designs leave the drafting board. Watch the rising tide of "Cutler-Hammer Motor Control is standard equipment." CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Ave., Milwaukee, Wis.

Shown above are three types of wood-working machines and, at the right, two models of bakery machines which feature "built-in" Cutler-Hammer Motor Control. They typify the complete, truly modern designs available today for every type of business. It's more than a trend . . . it's a tidal wave to Cutler-Hammer Motor Control.

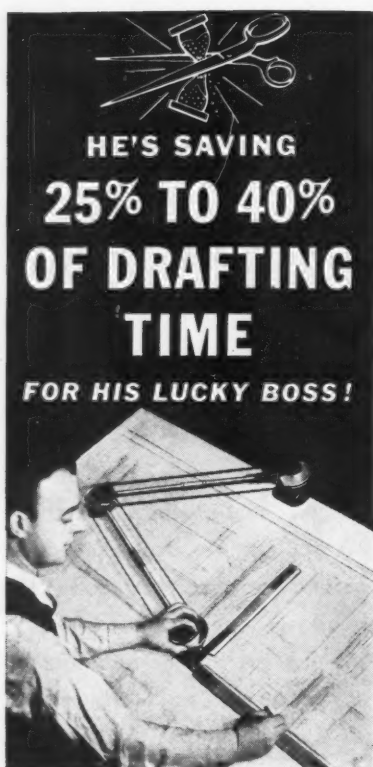


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We're Old Hands at New Deals

(Continued from page 16)

to carry more weight in the fresher, clearer atmosphere of the New World than the foggy air of the Old World, overloaded with all the sophistication of political unreality.

It is true, for instance, here as elsewhere, that every government remedy for economic ills makes new and greater ills. Sometimes those new ills arrive quickly, sometimes they take longer to mature. For an example of the first we need only point to the new-fangled fashion of governments to arrange for the payment of trade indebtedness between one country and another. Three or four of these arrangements have been made within the past year. A clearing house has been set up to make the transmission of money easy between ourselves and Germany, or ourselves and Spain. A few weeks has been sufficient to discredit each of these arrangements. They look well on paper, but in the result the little bit of trade which they were supposed to safeguard and preserve promptly disappears.

As an example of the second class, it is only necessary to mention debt. Since the War we have built up a debt of 250 pounds per head of the population and nobody has yet taken any serious notice of the old-fashioned fact that a debt has to be paid. When that dawns upon our people and when the comforts derived from borrowed money are exhausted, New Deals will be less popular than today.

The dangers of politics

THERE is, to me, no mystery about the troubles of America, indeed, they stand out, by comparison with the troubles of the rest of us, as a shining example of the dangers of the political prosperity method. America, which was a debtor country, switched over with wonderful energy, in a few years, into a creditor position, and American politicians selected that moment of all others to put the Government into the money market and start collecting debts from the world.

The thing was an absurdity. Everybody knew it, but absurdities and politics seem to mix naturally together.

Thus the politicians of America pretended to be able to arrange a one way traffic in trade and wealth which was so unnatural as to make the whole of American business unnatural and weaken the human foundations upon which it rested. I am particularly interested to see the way in which the politicians in America are using exactly the same tricks and slogans which are common form over here.

The President's advisers talk of "the have's versus the have not's" thus playing down to the lowest grades of intellect. The people, of course, depend upon the success of those described as the "have's," and no healthy economic life can be had in any other way. But, while in the Prayer Book we are enjoined to avoid envy, malice, and hatred, politics the world over has always taken the other line and fattened by encouraging these vices.

Fighting the bureaucrats

IT IS not with America or with us a case of "the have's versus the have not's," but rather of the politicians and the bureaucrats versus the rest, in a game which, when the former win, is the most outrageous fraud upon the working classes. One American statesman, I notice, has talked of a new Magna Charta of liberty, in bold defiance of the truth that there is no single shred of liberty about any of these New Deal devices. There is no liberty for the people who pay and still less for those who receive. All these dubious political practices have their roots in the immoral conception of something for nothing, and again I have a feeling that the immorality of the idea is likely to be recognized more quickly in the wide spaces of the New World than in the suffocated conditions of the old.

Most of these political devices have for their purpose the creation of artificial values, and no one really believes that artificial values can, in the long run, be of service to any one, even those who, for the moment, appear to benefit from them. When it comes to such monstrous arrangements as paying people for doing nothing, or subsidizing the production of nothing, it may be possible, indeed has been possible, to bamboozle a nation into accepting such things, but never has, and never will be possible to make any sane individual believe that they can be good.

I am, in a way, amused by the suggestion that America is 25 years behind the old country in what it so curiously called social reform. My own feeling is that America has had her little bout of indiscretion, rather more than 25 months of trying to do in a hurry all the silly things that we have managed to survive, and that the end of it all will be that America will stand out a century ahead of the rest of us, free and quit of the notion that her politicians, instead of her business men, can make a living for her.

Watch Consumer Cooperatives

By CHARLES H. JANSSEN

Former Executive Chairman, National Food & Grocery Distributors' Code Authority, Inc.



The common purpose is to reduce the price between producer and consumer

IT HAS not been many years since the food and grocery industry looked with tolerant amusement upon the efforts of a few daring souls to establish retailer-owned cooperatives. Wholesale grocers scoffed at the idea, sought to deny cooperatives' access to sources of merchandise. Manufacturers refused to sell to them.

But few will deny them now. In fact, their favor and patronage are being courted and sought. As they gained experience and able management, they made rapid progress.

Today the "consumer movement" or, more specifically, the "consumer cooperative movement," is making an eager bid for a share of the country's business. Private enterprise has been too busy warring within its own ranks to pay much attention to this new rival. In fact, in many quarters, the idea that this new form of distribution will ever become a serious threat to established methods is regarded as absurd. But times and conditions change.

In its plans or objectives the consumer cooperative is not dissimilar to the retailer cooperative. It substitutes the consumer for the retailer; it plants the ownership in, and distributes its patronage refunds to, the consumer and enjoys a well established producer cooperative foundation eager to extend its activities for a complete cooperative production and distribution system. Given a sound premise, effective and aggressive leadership, able management and reasonable political support, the consumer cooperative is no more im-

A NEW movement, so far too generally ignored, is afoot to "check the profit motive in distribution." Those in these trades who do not wish to see their markets lost or seriously curtailed must soon meet this challenge

practical than the retailer cooperative.

Assisted on many sides

IN ADDITION, the consumer movement has what the retailer cooperative was denied, the active promotional support, not only of university and church organizations, but of the federal Government as well. Although administration spokesmen offer assurances that our system of private competitive enterprise is to be maintained, they are actively stimulating organization of consumer bodies. Successive "consumer agencies" have been established with the apparent aim of carrying out President Roosevelt's purpose, expressed in one of his annual messages to Congress:

"We would save and encourage the

slowly growing impulse among consumers to enter the market place equipped with sufficient organization to insist upon fair prices and honest sales."

The latest consumer division, which shows every indication of emerging into a permanent government agency, is engaged in finding "trouble spots" which are blocking consumer progress.

"It is foolish," says Walton Hamilton, former head of the agency, "to encourage the consumer to waste his energies in haggling with the merchant over the price of an article when the high prices are caused by some costly process or procedure along the course of production and distribution."

He asks, "Would consumer cooperatives facilitate a freer flow of goods between producer and user?" and leaves no doubt as to the length Government is pledged to go to serve the consumer.

An inquiry to Washington will bring any one, not only a file of information in regard to the scope of the movement, but precise information on how to start and operate a consumer cooperative.

Meanwhile Wisconsin has enacted a law requiring the teaching of "Consumers Cooperation" and prescribing (not suggesting) that "every high school and vocational school shall prescribe adequate and essential instruction in cooperative marketing and consumers' cooperatives" and that "the governing boards of the university, state teachers' colleges and county normal schools shall provide in their respective institutions

The Utilities and the T.V.A. Situation

I presume that all of you are confused and bewildered as to the function of the various and numerous new alphabetical Government bureaus. I have the same difficulty. However, there is one of these, namely the T.V.A., which my business as an operator of electric utilities requires me to understand.

In the few moments allotted to me this evening, I shall attempt to give you my version of the T.V.A.

In that portion of the Tennessee River flowing through northern Alabama, there are rapids which are known as Muscle Shoals. In 1909 or 1910, the power companies which were then engaged in the pioneer development of the southern states, acquired a site for the building of a hydro electric plant at Muscle Shoals.

The Congress of the United States, however, in 1916 determined to build at Muscle Shoals plants for the manufacture of nitrates—an indispensable element of high explosives—and to build a dam and electric generating plants in connection therewith. The power companies gave to the Government for the sum of \$1.00, their property at Muscle Shoals which had cost them \$500,000. The nitrate plants were completed in 1918 at a cost of sixty-five million dollars. The dam and the power plants were finally completed in 1925 at a total cost of sixty million dollars. The nitrate plants were absolutely valueless upon completion by reason of the intermediate development of new methods of manufacture and new sources of supply of nitrate. They have never turned out an ounce of commercial nitrate. Recently they were declared by the Federal Government not to be worth even salvage value. Thus the sixty-five million dollars of taxpayers' money invested in them was completely lost.

Since the completion of the power plants, the power companies have offered repeatedly to lease them or buy their entire output on a basis which would have yielded the Government 4% on its investment of sixty million dollars or \$2,400,000, per year. The Government rejected these offers and thus additional millions of the taxpayers' money was wasted.

Why Taxes Mount

Upon the passage of the Tennessee Valley Authority Act, these power plants, which had cost approximately sixty million dollars, were put upon the books of that organization at approximately twenty million dollars and thus another forty million dollars of the taxpayers' money was thrown out the window. So out of the total original investment by the Federal Government of one hundred and twenty-five million dollars, sixty-five million dollars in the nitrate plants has become valueless, forty million dollars invested in the power plants has been charged off and millions in

**Address of Mr. Wendell L. Willkie,
President, The Commonwealth &
Southern Corporation, over Sta-
tion WEAJ and the Red Network
of National Broadcasting Co., Inc.,
March 5, 1936**

possible return lost. No wonder our taxes are mounting.

The Tennessee Valley Authority, under the Act of Congress passed in 1933, was given broad powers to develop the Tennessee River for the presumed purpose of aiding navigation, preventing floods, reclaiming lands and, incidentally, generating, transmitting and distributing

electrical energy. In carrying out this program, it has already spent approximately one hundred million dollars of the taxpayers' money and is proposing to spend from two hundred million to eight hundred million additional. It has been truly said the Tennessee River waters four states and drains the nation.

Why Navigation?

It seems rather strange that such a vast amount of money collected from people in all parts of the United States should be spent for the development of navigation of the Tennessee River when the entire Tennessee Valley is already supplied with a network of railroads and hard-surface highways which are more than adequately serving all the freight requirements of the area.

It also seems strange that the Government should spend hundreds of millions of dollars to restrict crops throughout the country while in the Tennessee Valley it spends millions of dollars to reclaim land to produce more crops.

And it seems a little fantastic for the Tennessee Valley Authority to spend money for flood control when the citizens of Chattanooga, Tennessee, the principal city on the river, are demanding of the Federal Government today fifteen million dollars to protect their city against the floods on the Tennessee River, realizing as they do that the Tennessee Valley Authority program will not protect them.

Constitutional Excuses

The facts are that the money is not being spent for navigation or for flood control or for soil reclamation. These are but the constitutional excuses. The money is actually being spent to put the United States Government into the power business.

The question naturally arises in your mind as to why the United States is thus developing this enormous excess of electric energy and entering the field of private business. Was there not already an adequate supply of electric energy available in this territory? Were not the power companies supplying the service to the people at uniform and reasonable rates? I know if I answer these questions you will think me self-interested and prejudiced. Therefore, I shall call as my witness a man whom no one would accuse of being a friend of the power companies.

Advertisement

Uniform Rate Schedules

Franklin D. Roosevelt on June 1, 1931 at French Lick, Indiana, speaking before a conference of Governors on the development of utility regulation and the principle of not penalizing a man because he happens to live a fairly long distance from a main transmission line, said—

"The best example I know of that is down in Alabama. The Alabama Public Service Commission realized some two years ago (namely in 1929) that in northern Alabama *they have all the power in the world at very cheap cost.* * * * * *. The Alabama Public Service Commission laid down the rule that just because a man happened to have been born and brought up on a farm in southern Alabama was no reason for penalizing him greatly over his cousin or neighbor who happened to have been brought up in the northern part of the state, 400 miles away."

Consequently, in accordance with the rules of the Alabama Commission, rates were made uniform throughout the state for farmers and city dwellers.

The organization of which I have the honor to be president is interested in the power companies in Alabama, Georgia and Tennessee and the methods of operation and the rates in all three of those states are uniform and power is cheap. Therefore, we can apply the President's statement to the operation in all three states.

Who Pays the Bill?

In view of what I have said, you naturally wonder why the T.V.A. desires to go into the electric utility business. The reason is simple—they believe, or pretend to believe, that they can sell electric energy cheaper than the private power companies can or will. In pursuance of that policy at Tupelo, Mississippi, they did put into effect rates fifty to sixty per cent of those of the private power companies and they claim that thereby they have greatly increased the use of electric energy by the ordinary domestic consumer. There is no question that this is true. If they gave the power to the domestic consumer he would use still more. The question, however, is who is paying the bill?

I will tell you who is paying the bill. Whenever a householder in Tupelo, Mississippi, switches on a light, everybody in the United States helps to pay for it. And when I say everybody in the United States, I mean exactly that—for taxes are hidden in everything you eat, everything you wear, everything you buy and a substantial part of those taxes are collected by the Federal Government. It is tax moneys that are being used to give Tupelo its well publicized "yardstick rate."

Taxes: 270 to 1

This, however, is just the beginning of the story. When these government projects come into existence how do they compare with private companies? Well, in the first place do they pay taxes? The T.V.A. had in its control two hundred fifty million dollars of property investment during the years 1934 and 1935 on which, according to its own annual report, it paid during the year 1935 a total of \$16,900 in taxes. The plant investment of The Tennessee Electric Power Company and the Alabama Power Company equal about the same figure, namely, two hundred fifty million dollars and in the same year they paid \$4,500,000 in taxes. Or, in other words, the utility company paid 270 times as much in taxes on the same property investment as did the T.V.A.

10 Years Before T.V.A.

Some of the sponsors of the T.V.A. have, I presume, humorously, claimed that its effect on the power companies has not been so bad; that it has been responsible for their rate reductions and for the increased sales of electrical appliances. Both statements are untrue. The three companies operating in the Tennessee Valley area, in which I am interested—the Alabama Power Company, the Georgia Power Company and The Tennessee Electric Power Company—have steadily reduced their rates for ten years before the T.V.A. started to function. For several years their average rate has been one of the lowest in the country and they led the country for many years in the sale of electrical appliances. The T.V.A. can hardly claim the credit for something that was going on before the T.V.A. was born.

But what the T.V.A. can really claim responsibility for is the progressive destruction of the savings of some 300,000 stockholders who have invested some \$650,000,000 in the power properties in that area. These are the securities of American citizens, bought on the assumption that the Government, faithful to the spirit of the Constitution would not enter into competition with the business by the patent evasion of constitutional principles.

5-Point Program

Why am I talking to you and what is it I am seeking? Merely this—that Congress define the limits of the operation of the T.V.A. instead of letting it go its way unhampered and uncontrolled. I proposed at the last session of Congress and I again propose—

First—That the T.V.A. in its utility operations be required to pay taxes at the same rate and on the same basis of property valuation as the private utilities;

Second—That it be required to keep a uniform system of accounts such as is required of the utility companies;

Third—That it be required to charge rates for the electric energy which it sells so as to produce a fair rate of return on the value of the property which it uses in that business;

Fourth—That before it duplicates the transmission or distribution lines of companies already in the business that it be required to condemn the property thus sought to be duplicated and pay the companies owning such properties the value of the same as determined by a just tribunal;

Fifth—That it be required to charge uniform rates to all customers of the same class and file such rates in the same manner as utilities are required to do, either with the public utility commissions of the states or the Federal Power Commission at Washington.

Is a Fair Yardstick Wanted?

These proposals were opposed by the T.V.A. at the last session of Congress and I have never been able to understand why; that is, assuming they really are desirous of establishing a fair yardstick and do not desire to destroy existing utilities. If such controls are not placed upon its operations it will continue to wantonly waste the taxpayers' money and further destroy the property of thousands of utility investors. The American people surely will not permit this for if the utility companies operating in the Tennessee Valley are given the same gifts from the Federal Treasury as the T.V.A. is given, they will guarantee to reduce even the T.V.A. rates by more than 25%.

I am trustee for two hundred thousand security holders. I feel it my duty to tell you and everyone else who is kind enough to listen to me, these and kindred facts about the utility business. When the days of accounting come you will pay the bill.

Advertisement

adequate and essential instruction in cooperative marketing and consumers' cooperatives."

It may be assumed that the proponents of this new order will urge similar laws in every state. It also seems reasonable to expect introduction of laws which will progressively exempt qualifying consumer cooperatives from many of the burdens and restrictions laid upon the individual or corporate competitor, and the fervor with which church and other organizations are supporting the movement indicates that these laws will be passed.

Churches foster cooperatives

THE Federal Council of the Churches of Christ in America is actively encouraging consumer cooperatives and large numbers of conferences and conventions of churches in practically all denominations have gone on record to "aid in their respective communities in the organization of Consumer Cooperatives."

On December 4, in an open letter to the President, a meeting claiming to represent the views of 4,700 clergymen urged further radical political action to raise the standard of living. It said:

We hold that there can be no permanent recovery as long as the nation depends on palliative legislation within the capitalistic system. . . . We urge drastic steps . . . through socializing our potential resources. . . . This improvement involves transferring the distribution of the necessities of life, as well as other consumption goods, to Cooperatives.

The important point is that the issue is raised.

The Catholic Rural Life Conference meeting at Rochester, N. Y., October 27-30, and the Catholic Central Verein of America at its annual conference at LaCrosse, Wis., went positively on record endorsing cooperation to prevent "self-destruction and chaos brought about by hatred and greed" and urged church leaders to prepare their people for cooperative organization in credit unions, producers and consumers' cooperatives.

They condemn the imposition of cooperation by civil power, but invite civil power to aid and assist voluntary effort to establish consumer cooperatives.

Other church groups take issue with this position and statements expressing opposing views roundly condemn the former as "Red" propaganda.

Interest in consumer agencies is

also developing on the campuses of colleges and universities.

Five hundred college students from the Rocky Mountain region "discovered" consumers' cooperation at the conference of the students' Christian movement at Estes Park, Colo., June 17 to 27. Consumers' cooperation was the leading topic of interest—so much so that "plans were made for establishing cooperative book stores, boarding and rooming houses." Other regional student conferences at Lake Geneva, Wis.; Blue Ridge, N. C.; Northfield, Mass.; Asilomar, Cal.; Evanston, Ill.; Grinnell, Iowa; New York City and other points have made consumer cooperatives one of their principal studies.

Viewed in this light it becomes apparent that the consumer cooperative movement is not to be ignored. To all those men and women in the distribution trades—wholesalers, retailers, brokers, commission men—who may be grouped under the loosely-used term "middlemen," this movement offers a serious challenge, because in all its forms, the common purpose is to "cut the price between the producer and the consumer." The aim is to place a practical check on the "profit motive in distribution"

How this abolition is to be brought about is perhaps best explained by a couple of planks from the platform of the Cooperative League:

We propose to organize ourselves as voters . . . into an economic body of consumers and producers largely independent of, but interdependent with, the political state . . . into consumer cooperative associations to recover ownership of industry, utilities and finance in order to produce and distribute foods, goods and services in abundance. . . .

We propose to organize ourselves as voters, consumers and producers and continue our effort until we have built a cooperative economic democracy of America . . . We propose the passage by Congress of social legislation providing for minimum income, leisure and health insurance for everyone and the adoption of sufficiently higher graduated income and inheritance taxes to pay at least a large part of the cost of such insurance.

It should not be necessary to point out that a substantial portion of these objectives in respect to social legislation is already achieved to a degree which members of trade and industry may not realize. Reference to the long list of measures enacted or pending in Congress and state legislatures will sustain this statement. Moreover, all of these measures—general sales taxes, processing taxes, costs of social security laws, old age and unemployment taxes as well as those forms of taxes chiefly intended to favor some specific product or class—advance the consumer cooperative movement simply because, by raising price levels, they speed the search for any scheme that will lower prices.

Many cooperatives

AS for the cooperative plank first quoted, the record of actual operating progress already made is impressive. The inroads which cooperatives have made into private competitive wholesaling and retailing are enormous and run into figures which approach the total volume of our mail order houses.

It is claimed that approximately 7,000 cooperative societies of all classes are operating in the United States today with approximately 2,000,000 members and that memberships are growing at the rate of five per cent a

year. Their total retail trade volume in 1933 was more than \$400,000,000—not an alarming amount, but substantial. Their combined wholesale and retail sales are said to exceed \$1,000,000,000.

In the farm field alone, according to the Cooperative Division of the



The consumer movement has the promotional support of university, church and government

with the ultimate objective of replacing it with the service motive solely.

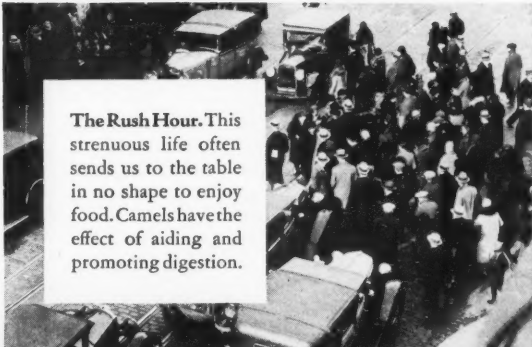
The political philosophy on which this aim is based comes from the Marxian idea that the abolition of the profit motive is in the interest of the middle class, also termed the consumer.

High-Speed Living *Taxes Digestion*

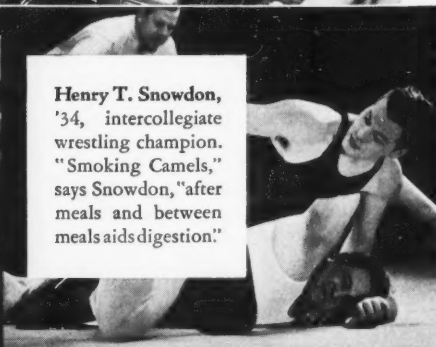
Smoking Camels found to have a positive beneficial effect upon Digestion...

Our modern "eat-and-run" way of living is hard on digestion. Experiences with indigestion are all too common! Hence unusual interest attaches to the following fact: that smoking Camels has been found to have a marked beneficial effect on digestive action. You'll find Camels milder too, more delicate in flavor, packed with the rich enjoyment of choice tobaccos. You can smoke them freely. Camels never tire your taste.

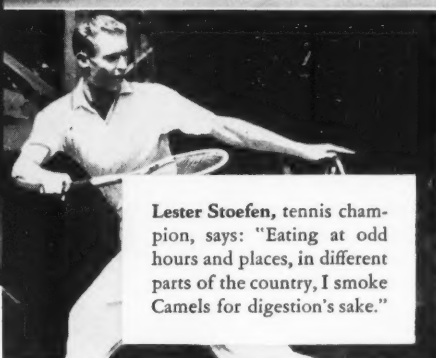
Turn to Camels for digestion's sake...for the pleasure to be found in Camel's costlier tobaccos. Camels set you right!




The Rush Hour. This strenuous life often sends us to the table in no shape to enjoy food. Camels have the effect of aiding and promoting digestion.




Henry T. Snowdon, '34, intercollegiate wrestling champion. "Smoking Camels," says Snowdon, "after meals and between meals aids digestion."



Lester Stoefen, tennis champion, says: "Eating at odd hours and places, in different parts of the country, I smoke Camels for digestion's sake."



Otis Barton, daring scientist-inventor of the famous "bathysphere." Barton says: "Camels make my food taste better and help it to digest."



New York's Glamorous Hollywood Restaurant. "Camels have long been a favorite with us here," says Joe Moss, famous impresario, who presides over the gay scene above. "We've found that

success comes through giving people the best. The fact that Camel uses costlier tobaccos and people prefer Camels shows that they appreciate the same policy in other lines too."

COSTLIER TOBACCOS!

Camels are made from finer, **MORE EXPENSIVE TOBACCOS**—Turkish and Domestic—than any other popular brand.



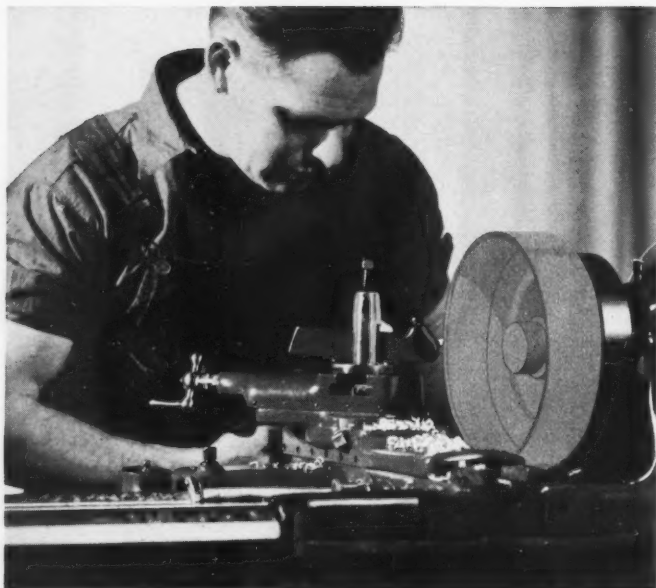
TUNE IN!
Camel Caravan with
Walter O'Keefe, Deane
Janis, Ted Husing,
Glen Gray and the
Casa Loma Orchestra
Tuesday and Thursday
—9 p.m. E. S.T., 8 p.m.
C. S.T., 9:30 p.m.
M. S.T., 8:30 p.m.
P. S.T.—over WABC-
Columbia Network.

Copyright, 1936, R. J. Reynolds Tobacco Company, Winston-Salem, N. C.

For Digestion's Sake

smoke Camels





*SKILL
WAS BEGOT IN
A THOUSAND
SHOPS*

FIFTY YEARS ago this spring all the commercial Aluminum in the world was represented by a few shining pellets in the hand of young Charles Martin Hall.

Fifty fleeting years — and men who actually saw the first pouring of Aluminum by Hall and his commercial associates see trains made almost wholly of Aluminum, setting speed records on the tracks of American railroads.

The skyways are full of Aluminum airplanes. Along the highways roll huge motor trucks and buses with light Aluminum bodies. Bridges, armored cars, power-shovel dippers, office chairs, building facades are rapidly "going Aluminum."

How could, how did, Aluminum grow up so fast?

Because it was mastered by the skill, the resources, the ingenuity of the men who are the metal-working industry.

Bit by bit, quirk by quirk, process by process, in a thousand shops, large and small, famous and obscure, Aluminum was made useful by men who refused to be baffled by the different working characteristics of this new metal.

It would not have been surprising if these men had argued that the older metals were good enough. They knew each of these stand-bys like a book. The knowledge of copper dates back at least to 3700 B. C.

The history of lead goes back nearly as far; lead pipe was common in ancient Rome. Iron is as old as the hills themselves. Zinc coins antedate the Christian era.

Nor would it have been surprising if, when engineers had instigated the development of new, stronger and tougher alloys, the metal-working industry had wavered in its enthusiasm.

On the contrary, the interest grew, and skill with it. For these men who knew metal saw that Aluminum was capable of doing things no other common metal could do. They recognized these capabilities as the heritage which makes Aluminum not a competitor but a co-worker in the great family of common metals.

So came, with the help of the metal-working industry, our modern knowledge of how to work Aluminum — to roll it, cast it, forge it, weld it, extrude it, heat treat it. So have come our railroad trains and airplanes, and all the other applications where Aluminum serves mankind better.

And while all this practical knowledge was accumulating, this company, as one factor in the Aluminum industry, has been at similar problems in its Research Laboratories, so that it might be well prepared to return the compliment to the metal-working industry in the form of helpful and practical suggestions based on exhaustive scientific research.

A FIFTIETH ANNIVERSARY MESSAGE FROM

ALUMINUM COMPANY OF AMERICA

Farm Credit Administration, \$250,000,000 of the supplies used by farmers are now purchased cooperatively. Twenty-five large cooperative associations, each doing an annual farm supply business of more than a million dollars, are rapidly expanding their fields to include housing, groceries and general merchandise.

It is true that American cooperatives cannot yet rival those of Sweden, Denmark, Finland, Switzerland, New Zealand or Germany which average more than 40 per cent of all retail and wholesale distribution. They are even further behind England and Scotland where the consumer cooperative is the dominant factor in grocery distribution, with a member-

ship exceeding 7,000,000 individuals and a virtual monopoly of the field against which only the corporate chain can successfully compete.

But we are far enough advanced along this road to see in what direction we are going. If private enterprise insists on ignoring the cooperative, the day seems not far distant when it may find itself replaced. Moreover, if private enterprise intends to do anything about this new rival, the time to do it is now.

What is to be done?

The first step is to quit washing our dirty linen in public. The next is to evolve a plan through which the competitive system will serve the producers and the consumers more

efficiently than is possible through any other plan or scheme. Assuming that the "profit motive" is doomed when it fails to serve the "common good," assuredly self-interest should compel a corrective adjustment before it is too late. If this is right, then there is no field in which its speedy demonstration is more important than in food and grocery distribution. Surely the cost of distribution cannot be materially reduced, nor can orderly flow of goods between producer and user be facilitated by consumer cooperatives, while the elimination of private incentive and individual initiative will prove a definite social and economic loss.

I take issue with the assertion that

Government on the Air



Adventure interspersed with music is the means taken by National Park Service to advertise national parks

GOVERNMENT is on the air. That isn't strictly new, for Departments of Agriculture and Commerce have been broadcasting with some regularity. But now the Office of Education and the National Park Service (which have given speeches occasionally for two years) are adding dramatic broadcasting to their list of activities. The Office of Education will offer "Education in the News," dramatized, and other programs.

The National Park Service late in February started a serialized drama, "Treasure Trails," depicting the tale of a typical American family touring the National Parks. Local color and accuracy are insured since the writing is done by a former National Parks ranger, Ralph Pierson.

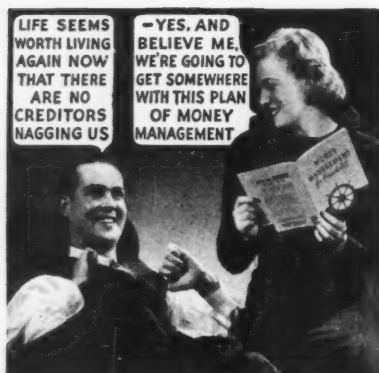
Recently the major broadcasting companies refused to allow the Republican National Committee their facilities for broadcasting partisan skits. What part will politics play in the government's broadcasting? The Agriculture Department's Farm and Home program has frequently brought in farm political matters. The Park Service programs, judging by their start and present plans, are non-political. Time will tell the nature of the programs of the Office of Education.



Helen Ault and Lansing Hatfield



Helen Ault and Lansing Hatfield play the leads of "Treasure Trails" broadcast over NBC



REORGANIZATION OF JONES, INC. EFFECTED BY TIMELY LOAN

● Things looked black for Jones, Inc., an American Family, awhile back—just as it did for numberless business corporations. Nor were Jones, Inc.'s problems less acute because they were thinking in 3 figures where you as an executive think in 6 or 7.

Some big business firms back in those black days found banks or backers that placed faith and money in them—they pulled through. That's how Tom and Sarah Jones pulled through, too. They found out about Household Finance—arranged for a timely loan to pay off every creditor.

Then Sarah Jones put a plan of reorganization into effect—recommended by Household's "Doctor Of Family Finances." Income was carefully allocated under Household's scientific plan of money management. Dollars were made to buy more by following the tips and pointers of the "Better Buymanship" instruction pamphlets. Now you find the Jones' debt-free, happy, making progress—"on the up and up" as Tom says.

You know how big corporations may get a fresh start; would you like to examine the interesting process by which American Families reorganize themselves with Household's help? Mail this coupon and discover how thousands—many of them, perhaps, your own employees—make the grade.

HOUSEHOLD FINANCE CORPORATION

AND SUBSIDIARIES

919 North Michigan Ave., Chicago, Ill.

HOUSEHOLD FINANCE CORPORATION
Room 3052-D, 919 N. Michigan Ave., Chicago, Ill.
Please mail me FREE copy of one of your budget plan booklets which you distribute to your customers and the public, and circular describing your other money management publications. This request places me under no obligation.

Name

Street

City State

private competitive enterprise in distribution has failed to meet the needs of this industrial age, or is so corrupt that it should be replaced by a "social service formula."

The aims of the consumer cooperatives in respect to trade practices include:

The elimination of corrupt practices, such as short weights and measures, adulteration, misrepresentation as to quality, waste in distribution, and so on.

Competitive enterprise has consistently condemned such practices and has made commendable progress in correcting them. But it remains to be seen if private competitive enterprise can rid itself of unfair or corrupt practices, as it remains to be seen if cooperatives can long remain 100 per cent pure.

One thing, however, seems certain: If private competitive enterprise does not accept a reasonably effective control, it will speed the growth of a formidable competitor with increasing political power.

The time has come when the competitive system can no longer deny the producer and consumer participation in determining its policies and practices if it would hold its place. The interests of the producer, distributor, and consumer, despite a seeming antagonism, are actually completely harmonious.

It behooves each party to try and understand the other. Each should attempt to bring about practical cooperation.

Private competitive enterprise must take the initiative in effecting that reconciliation, not in any makeshift fashion and not by artificial, arbitrary restraints upon legitimate economic competition, but by a responsibility of trust for equitable distribution.

Consumers will decide

OUR economic problems are destined to become political issues and in the end, the consumer voting power will be the deciding factor in the present competitive struggle. It is the consumer who will sit, both as judge and jury, in the case of the consumer vs. private enterprise.

So far, at least, it appears that "private competitive enterprise" is so at war within itself, that it cannot agree on any constructive defensive program.

It has not, of itself, undertaken to show the consumer-public its essential values.

Private competitive enterprise is the defendant at the bar of consumer-public opinion. The prosecution has long been gathering evidence and is marshalling and presenting

that evidence. The defendant's day in court is here. What should this defendant do?

A plan of procedure

AS my interest in this subject is directed particularly to food and grocery distribution because activities in behalf of consumer interests are most active in this field, I venture to suggest what it ought to do:

1. Inform the consumer-public in regard to artificial restraints upon marketing and competition.

2. Defend distribution from unjust charges in respect to price loading, for which it is in no wise responsible.

3. Inform the consumer in respect to the essential factors and processes responsible for the retail price, that the consumer may intelligently fix responsibility for excessive spreads and be in a position justly to appraise the merits of the respective products and competitors in distribution.

4. Acquaint consumers with the essential principles of fair and open competition in distribution and the benefits which they would derive from their practical application; that fair practices in competition be encouraged and consumer cooperation in and for progressive improvement in their interest be invited.

5. Sponsor and support a program of practical cooperation between food and grocery distribution representative of every competitive factor and the consumer agencies of government, through which a practical coordination of their respective aims and purposes may be achieved.

6. Inform the consumer of the basic values of private competitive enterprise—why it is best adapted to serve the interdependent interests of producers and consumers at a minimum cost, and it is essential to keep open the avenues of individual initiative and opportunity in trade and industry.

7. Correct and refute false and misleading statements of professional agitators and those inspired by the malice of competitive or political interests; gather and present to the consumer factual data and educational information in respect to production, price and trade practices, to the end that the security of the competitive system in distribution may rest upon an intelligent consumer appreciation of its values.

Private enterprise in distribution will itself determine which way consumer cooperation will go. It may go either wholly "consumer cooperative" as a competitor, or it may, wholly or largely, become a practical cooperative force with private enterprise in the performance of its function for the common good.

If intelligent recognition of mutuality of interest prevails, then private competitive enterprise in distribution will promptly undertake to:

1. Put its own house in order;

2. Give greater recognition to the interests of the consumer in the determination of policies, trade practices and price, and

3. Sponsor and direct a sustained educational consumer program in behalf of the economic and social benefits of Private Competitive Enterprise.

*How the United-Carr Fastener Corp.
reduces figure-work costs on*



SALES PAYROLL EXPENSE



Distributions

THE United-Carr Fastener Corp., Cambridge, Mass., maker of the "Dot" line of fastener, used throughout the world, reports the "Comptometer" Peg-Board method to be both economical and efficient.

Since the adoption of the "Comptometer" Peg-Board combination on sales, payroll, and expense distributions, they are:

- 1 Effecting savings in excess of 75% over the method formerly used and obtaining the same information.
- 2 Getting reports several days earlier.

They also found the "Comptometer" Peg-Board method easy to install and were able to dovetail the new records with the old without confusion.

The experience of the United-Carr Fastener Corp. coincides with that of a great number of other organizations, large and small, in practically every line of business and industry where the possibilities of the "Comptometer" Peg-Board method have been investigated as applied to sales, costs, expense, inventory control, and other statistical information.

The excellent service of the "Comptometer" organization is an important factor in the success of every installation.

For complete information regarding "Comptometer" and Peg-Board applications, consult the District Manager of the "Comptometer" office in your locality, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Illinois.



"COMPTOMETER" Peg-Board Combination

COMPTOMETER

Reg. U. S. Pat. Off.

New Ideas in Selling

Brief reviews of some of the many developments in the sales and distribution fields

Radio: Speaking of the 1936 advertising outlook, Roy S. Durstine, president of Batten, Barton, Durstine and Osborn, Inc., recently remarked that he felt the day of spectacular increases in radio advertising was about over, that advertisers have now come to accord radio its proper place in the scheme of things.

That the day of such increases is about over even those in the radio industry freely admit. The reason is that radio, unlike other advertising mediums, operates on a tether, held by Old Father Time, which pretty definitely circumscribes its growth, great as that has been. Radio advertising's "working day" is limited to 18 hours, and its most effective efforts are exerted in but five of those, the "premium hours" from 6:00 to 11:00 p. m.

Number of pages in a newspaper or magazine can be increased to accommodate demands for increased advertising space; outdoor advertising displays can be increased in number and size, and so on. But the time available to radio advertising admits of no expansion. Likewise, with seven out of ten homes already equipped with radio receivers, radio advertising's potential audience is near the maximum.

What's ahead for radio advertising then? Greater use of daylight and the closing evening hours, say those in a position to know, possibly rate increases as a result of the scramble for time, and almost certainly improved program standards as a result of competitive efforts to attract and hold listeners.

But as for further spectacular increases in broadcasting advertising volume, these authorities say it isn't in the cards, this even though radio advertising revenues for 1935 gained 20 per cent over those for 1934, reaching a total, according to the 1936 Yearbook of Broadcasting, of \$87,523,848. That figure is getting pretty close to the ceiling established by the limitations outlined above, they say. That ceiling, expressed in dollars, they set at right around \$100,000,000 at present rates. The figure will hold for the next three or four years, they think, and by that time television may be entering the picture.

There's many a slip: Smitten with what appeared to be a "sure-fire" sales promotion idea, an Ohio winery recently devised highly decorative gal-

lon and half-gallon bottles for its product and equally decorative lamp shades and adapters by which the bottles, having served their original purpose, could be converted into attractive electric table lamps. Dealers termed the plan a "wow," got ready to push it, and the winery stocked up on bottles, adapters and shades in quantities commensurate with its visioned sales increases.

Then—bang!—the plan exploded all over the place. It developed that the shades and adapters fell in the premium category, and federal liquor regulations prohibit the use of premiums.

Now the winery is looking for a vinegar maker or some one else outside the liquor business who would be interested in a good idea (gratis) and a quantity of bottles and lamp shades.

Little Man, What Now? He's a comparatively small manufacturer in a field dominated by industrial giants, but he writes his own answer to the question, "Little man, what now?" That answer has returned him net profits during

every year of the past five save one and has kept his men at work and plant in operation, 24 hours a day on occasion. Two advantages he concedes to his big competitors. One is their nationally known names and products. The other is the extensive sales they are able to make through reciprocal arrangements with other large corporations.

But he counts an advantage on his own side arising from the fact that he is a small manufacturer. This is direct dealing between himself and his customers.

"Frequently I've gone up against my large competitors' salesmen in angling for sizable lots of prospective business," he relates. "What happens? On any point the prospect raises which is outside the usual routine, those salesmen have to get answers or rulings from their home office. I give my own answers. The prospect feels when he is dealing with me he is dealing with a principal rather than an agent. That fact gives me a big sales advantage."

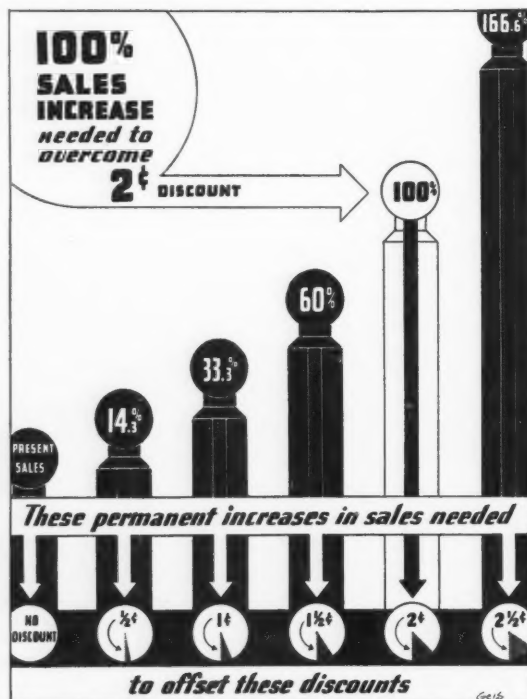
He illustrates the point—and others—with this story of the landing of a contract which will keep his plant busy for the next three years:

"A certain corporation makes a product which requires an accessory that I felt our field could supply, despite rather exacting requirements. I went after the business, and developed such an accessory which more than met specifications. To cinch matters, I made up a number of these on my own hook, in colors and designs to match the product—which lent it new sales appeal—and turned up in Chicago with the samples at a display of the corporation's products. That made a hit, but then they raised a question as to my ability to maintain sustained production of this accessory in the quantities desired.

"I guaranteed them I could do it, given four weeks in which to adjust my production facilities. Next question was about defective goods. Quality has always been our principal selling point and we've followed a consistent policy of replacing without question any of our goods which are unsatisfactory. Sound policy, too—it makes for good will and over the years such replacements have amounted to only one-twentieth of one per cent. I cited our policy and our record. We got the business."

Odd lots: Under a recently inaugurated plan, British railways are renting living quarters to vacationists as well as selling them transportation. These quarters, at selected country and seaside resorts, consist of converted railway coaches which are run to their sites on short spurs from the main lines. . . . "Trade in your old things for new" invited two eastern department stores recently in offering ten per cent trade-in allowances on any corresponding article in the stores "from corkscrews to furniture." Trade-ins went to charity. . . . Domestic Distribution Department of the Chamber of Commerce of the United States digests experiences of local retailing groups with spring and fall openings in a new booklet which it offers those interested in such group activities.

—PAUL H. HAYWARD



Does price-cutting pay in the gasoline business? The chart, based on a four-cent-a-gallon margin, shows how sales must rise to maintain a given gross profit

"Best Sellers" Aren't Made By Their Covers

— nor winning cars by what the eye alone can see

● 10,000 new novels are printed each year. Additional thousands of non-fiction books roll annually from the presses.

Most of these books you never even hear about—a hundred have a fleeting life—a score become "best sellers."

And some books live forever—moulding men's minds, changing human customs, their influence lasting generation after generation.

The quality that makes books really great lies buried deep within their covers . . . a vital element instilled by the hand that wrote them . . . an *unseen value* uncommon to the rest.

* * *

Every truly great automobile possesses *unseen value*. It is the personality of great car-makers implanted in their products. America has found that this is so . . . and in the history of the Chrysler Corporation the evidence is written large.

About ten years ago, when the Chrysler Corporation started, the automobile field was firmly held by well-established manufacturers. Today, this ten-year-old is one of the industry's giants . . . providing livelihood for nearly half a million Americans . . . producing one out of every four motor

BEFORE BUYING A CAR —ASK YOURSELF THESE 6 QUESTIONS

1. *Has it proper weight distribution?*
2. *Has it genuine hydraulic brakes?*
3. *Is it economical to run?*
4. *Has it floating power?*
5. *Has it all-steel body?*
6. *Does it drive easily?*

ONLY CHRYSLER-BUILT
CARS HAVE ALL SIX

cars sold. In 1935, the Chrysler Corporation was the only one of all American car-makers to maintain a rate of production greater than in rich and prosperous 1929.

Your own judgment of human nature tells you that America must have found in the Chrysler-built cars . . . Plymouth, Dodge, De Soto, Chrysler and Dodge Trucks . . . exceptional *unseen value*. Or the Chrysler Corporation could never have come so far so fast!

These four Chrysler-built cars possess exceptional *unseen value* because of the *great added factor* that is to be found in

the organization that produces them.

What It Is

This all-important factor is something more than using the highest available quality of iron and steel and materials . . . or maintaining the most careful and precise workmanship. Something more even than the unusual engineering skill and genius. More . . . because it is all these things with something still greater added to them.

It is a driving and always unsatisfied determination never to stop improving motor cars. To find new materials better than the best available today. To discover and perfect new engineering principles that will provide more comfort . . . better performance . . . lower car operating costs . . . greater safety.

This is the character of the organization behind the Chrysler-built car . . . because it is the character of the men who work with Walter P. Chrysler and his associates.

And that is why there is extra measure of *unseen value* in the cars built by Chrysler Corporation . . . Plymouth, Dodge, De Soto, Chrysler and Dodge Trucks. You are sure of this *unseen value* . . . whichever one of these cars you buy.

**DE SOTO
DODGE**

PASSENGER CARS AND TRUCKS

Chrysler Marine and Industrial Engines

*Chrysler
Corporation*

**PLYMOUTH
CHRYSLER**

Airtemp—Air Conditioning

YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION

Republic Bank Note
cuts fuel costs 1/3
with Iron Fireman
Automatic Coal Firing



Boiler room at Republic Bank Note Company, showing the Iron Fireman equipment that feeds coal direct from bunker to boiler. Installed by Dravo-Doyle Co., Iron Fireman dealer, Pittsburgh, Pa.

Plant modernization that pays immediate dividends



Louis D. Reilly

If you pay fuel bills you have the same opportunity to cut costs and improve heating service that Republic Bank Note had. Just a year ago this well known company modernized its boiler room by installing an Iron Fireman automatic coal burner which feeds coal direct from bunker to boiler.

Louis D. Reilly, Superintendent, says: "We get even heat and steam pressure with Iron Fireman. In addition, fuel costs are one-third less, and firing room labor is reduced two-thirds. We never see the coal, as it flows from the bin directly to the boiler just as it is needed."

Iron Fireman pays immediate dividends when installed in a heating or power boiler, or in a residential heating plant. It cuts fuel and labor costs, maintains steady heat or power, eliminates smoke nuisance.

Iron Fireman automatic coal burners are made in a range of sizes for commercial boilers up to 500 b.h.p., and for homes, and are available in Bin-Feed or Hopper models. Purchase may be made on easy monthly terms from an Iron Fireman dealer, or on an F.H.A. loan.

A firing survey of your heating or power plant will give you the facts on Iron Fireman savings and betterments over your present firing method. Your nearest authorized Iron Fireman dealer will gladly make the survey without cost or obligation. Iron Fireman Mfg. Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere.



Republic Bank Note Co., Pittsburgh, Pa.

IRON FIREMAN AUTOMATIC COAL BURNER



IRON FIREMAN MFG. CO.

3277 W. 106th Street, Cleveland, Ohio

Type of plant:

- ☐ Send literature ☐ Commercial Heating
☐ Make firing survey ☐ Power ☐ Residential

Name.....

Address.....

Washington and Your Business

(Continued from page 19)

roll, both under Civil Service and outside.

The Senate added \$57,600,000 at one whack to the Interior Department bill, to take care of reclamation and power projects. Some of these projects were started without authorization by Congress, and now Congress is committed to big expense for completing them. The \$57,600,000 is merely for "continuing" these projects during next year.

"Yardstick" Power Plants

DON'T KNOW whether you have a little yardstick power project in your town or not,

but they're pretty numerous. The idea is for Secretary Ickes to lend and give federal public works funds to towns that are willing to build their own power plants, to serve as yardsticks in measuring the cost of such power throughout the country. Of course privately owned plants kick at this,

claiming that they will be put out of business without a chance to recover.

Twenty or more cases are pending. Justice Adkins of the District of Columbia Supreme Court has lumped everything together in five test cases, which have just been heard. The court of appeals of the fourth circuit has decided one case in favor of the Government, and an appeal to the Supreme Court will bring a showdown.

Don't Worry Too Much

IF I were you I wouldn't worry too much about business in the immediate future. The

early part of the year showed a falling off due largely to weather and partly to natural reaction to a good second half of last year. What the fall campaign and election will do, we won't even guess. Of course, there hangs over us always the spectre of inflation, credit or currency (I'm afraid of the former but not so much of the latter).

Trade Executives Discuss Problems

UNFAIR competition, employment and public relations, government competition, social security, taxation, and foreign trade were a few of the subjects discussed at a recent conference of the Board of Directors of the American Trade Association Executives with President Sibley and the staff of the National Chamber.

Experiences of trade associations in endeavoring to eliminate unfair competitive practices through voluntary efforts, through cooperation with the National Recovery Administration and with the Federal Trade Commission were reviewed, the weaknesses and merits of various procedures were frankly presented. Legislative proposals relating to this subject, such as the Wheeler-Rayburn bill and the Robinson bill were considered. The conference recognized the need of further examination of various methods, and particularly the extension of efforts for the elimination of unfair competition through voluntary trade association channels.

Several legislative proposals aimed to regulate the hours of employment, including the Walsh, O'Mahoney, and Black-Connery 30-hour bills, were regarded as neither sound nor in the public interest. The conference recommended that all business organizations study the economic effects of such legislation. Attention was called

to the constructive employer-employee relations programs developed by some groups and to opportunities for helpful trade association activity.

The increase in governmental activities competitive with private business was cited as another threat to sound recovery.

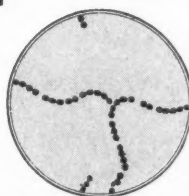
Trade associations are now trying to create a proper understanding of federal and state unemployment compensation laws and administrative rules and regulations.

Trade associations were urged to study taxes and public expenditures and attention was called to the fallacy of urging lower governmental expenditures while at the same time recommending new or increased expenditures. Several associations have already opposed proposed appropriations aimed to aid their industries.

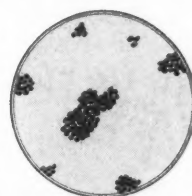
The importance of public relations and the problems arising in connection with the agricultural situation as well as those incident to the development of foreign trade were among the other subjects discussed.

Pyke Johnson, President of the American Trade Association Executives, presided. Harper Sibley, President of the National Chamber, stressed the mutuality of interests of trade associations and the National Chamber and emphasized the need for intelligent leadership in industry and trade.

Picked up by HANDS— these Contagious Disease Germs...



STREPTOCOCCUS
(Septic Throat)



STAPHYLOCOCCUS
(Impetigo)



Protect your washroom users with these hygienic tissue towels

APLENTIFUL SUPPLY of fresh, clean ScotTissue Towels in your washrooms will help prevent the spreading of contagious disease among the employees of your company.

Each towel is individual—used but once, by one person—then thrown away. Made of “soft-weve” thirsty fibres, these clothlike towels really dry dry—with more comfort, too.

Because of their extra stretch, they mold themselves into the contours of the face and hand.

Yearly washroom expense goes

down when ScotTowels are used. *One* is usually sufficient to dry the hands... a real economy per user per year.

More than 100,000 washrooms are protecting health with these sanitary towels. You are invited to try a free packet. Write Scott Paper Company, Chester, Pennsylvania.



THE PATENTED S-T-R-E-T-C-H explains why the ScotTissue Towel dries like cloth—why it won't go to pieces in wet hands.

ScotTissue Towels

Used once—then thrown away!

"DOWN CAME FIGURE COSTS"

The Girard Trust Company solves
an intricate figure problem with
"Velvet Touch" Monroes



EVERY MONROE IS A DESK-SIZE MACHINE, LIGHT ENOUGH TO BE CARRIED FROM DESK TO DESK—A TREMENDOUS ADVANTAGE.

THE Girard Trust Company, one of Philadelphia's great trust institutions, has found that Monroe Adding-Calculators and Listing Machines have saved real money. Monroe simplicity, speed, and "Velvet Touch" ease of action, have materially increased figure output.

On such intricate figuring as the apportionment of principal and interest on mortgages, Monroes have been invaluable.

There is a Monroe model

suited to every type of figure work in bank, factory, or office—calculators, adding and book-keeping machines—each one has "Velvet Touch" action, is desk-size and portable. And every Monroe user, wherever located, is within easy reach of a Monroe-owned branch—an assurance of uninterrupted figure production.

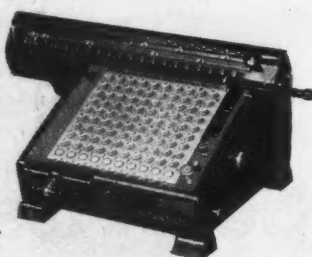
Why not try a Monroe on your own figures? Call the nearest Monroe branch or write to the factory. No obligation.

This Electric Monroe (Model LA-6), takes less desk space than a letterhead. Portable, weighs less than 17 pounds. Divides and multiplies automatically.

Simple • Speedy • Rugged

MONROE

CALCULATING MACHINE COMPANY, INC.
ORANGE, NEW JERSEY



Write to Your Congressman

(Continued from page 25)

a college from which you hope never to be graduated.

All this sounds exaggerated; but, on my word, it is sober truth, and it cannot be overstated. If you want to see real panic, wait until you have seen into the inside of a Congressman's or even a Senator's mind. You never before saw a sweat-breeding terror half as hideous as this fear of the "Supreme Calamity." Read the *Congressional Record*, or better still, sit in at committee hearings or at the private conferences behind closed doors. Brave men, who literally have faced death without a tremor, turn white and wobble in their knees before this horrid vision. Saber-rattling is child's play compared with fear of this "Supreme Calamity."

Few votes may decide

NOR is this fear an idle one. A recent compilation of the votes for members of the present Congress shows the slenderness of the thread by which many congressional lives hang. Even in the Senate where the electorate is state-wide, four men were elected who would not have been if less than 10,000 votes had not been cast as they were. And one could have been defeated by shifting less than 1,000 votes. In the House, where the districts are relatively small, the figures make the legislative hair stand on end. One man could have been defeated by the shifting of 64 votes. And nine would have been lost if less than 500 in each district had voted differently. As a matter of fact, nearly half the present membership could have been defeated by shifts of less than 5,000 votes, and less than a third were secure to the extent of more than 10,000. And those five senators who were chosen so overwhelmingly that even the shifting of 100,000 votes would not have unseated them!—They are the very picture of economic security.

When the seriousness and almost universal presence of this terrible anxiety about the "Supreme Calamity" is once grasped, many things in the life of a law-maker which otherwise might seem ignoble become clear and excusable. The responsibility is so great and the pressure so continuous during the "Sessions" that he cannot hope to keep in touch with all his constituents. But he can't let the country down, so he accepts the best means for averting the threatened disaster. He looks about for large blocks of votes which can be

counted on to come to him as a result of the relatively few acts which are actually passed, and on which his votes are publicly recorded. And there are four which are always safe to count on:

1. The farmers.
2. Organized labor.
3. The former soldiers.
4. The haters of Wall Street or Big Business, or both, or of most forms of Invested Capital on any except a small scale.

If anybody wants to get a shock let him list up the legislation passed by any recent selected session into measures designed to appeal to one or more of these four groups and see what is left over. These classes are more comprehensive than they appear at first glance, and in nearly every state, or in nearly every congressional district, they roll up a large share of the vote. They leave few classes of people out entirely.

The professional people; the small investors; the skilled mechanics or artisans who have not joined a union; the merchants; the public servants, insurance policyholders; home owners; almost any class or group you can name find their ranks cut into by one of these classes or even by several of them. There is nothing to be said against these four groups as groups, but the main trouble is that their pressure on Congress, and their highly organized mechanisms for applying that pressure, leaves many other interests unattended to.

Our classes overlap

AND this leads to my final observation that many people, including those of many members of these controlling groups, have real interests which are neglected, because these voters are not organized on a basis covering all their interests. Some organized labor people are investors, some former soldiers are taxpayers, some farmers have life insurance policies, and all may have a heavy stake in the menaces of inflation.

The remedy for this situation is a matter which goes to the roots of our political and perhaps even our social set-up. We need more representative men, to be sure; we need better motives for them; we need better rules; better spirit; better traditions; better brains; less fear; more statesmanship; a more lively public conscience and some feasible means for its expression. But all that is visionary and difficult to achieve.

A beginning must be made if Democracy is not to be brought down to a low level of limited class dominance. Even if these classes include most of the voters, they need supplementing. One starting point would be

DEATH LURKS AT THE WHEEL

But He Takes a Back Seat When He
Sees the Red Arrow of the
"NOT-OVER-50" CLUB



Death lurks at the wheel of the speeding driver—as last year's tragic record of 36,000 fatalities testifies. But Death takes a back seat at sight of the "NOT-OVER-50" red arrow which "NOT-OVER-50" CLUB members paste on their speedometers. Nine-tenths of all accidents are due directly or indirectly to excessive speed.

Lumbermens' "NOT-OVER-50" CLUB, originated last year for its policyholders, and for the public as well, numbers its members in the thousands. Men and women are protecting themselves and their children by joining the "NOT-OVER-50" CLUB. Fleet owners everywhere have enrolled each of their drivers for safety's sake. Every employer is urged to apply for red arrows for his drivers at once—no charge, no obligation.

The "NOT-OVER-50" CLUB is typical of Lumbermens' purpose to render *extra security, extra service, extra savings* to its policyholders. Substantial dividends have been paid back to Lumbermens policyholders annually. Lumbermens, a mutual company, offers automobile insurance to individuals and to fleet owners at the lowest *net* cost consistent with protection that really protects.

"NOT-OVER-50" Packet Free

Join the "NOT-OVER-50" CLUB and enroll your drivers as members—no charge. Write today for free sample of the "Safety Packet" and complete information; or ask the Lumbermens representative in your community.

NOT
OVER
50

LUMBERMENS MUTUAL CASUALTY COMPANY

James S. Kemper, President

Home Office: Mutual Insurance Building, Chicago, U. S. A.
"WORLD'S GREATEST AUTOMOBILE MUTUAL"



LUMBERMENS MUTUAL CASUALTY COMPANY,
Mutual Insurance Bldg., Chicago, Ill.

Please mail me free "Safety Packet" and complete information about the "NOT-OVER-50" Club. This request is not to obligate me in any way.

Name.....
Address.....
City..... State.....

NH-2

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leave employees without funds

GROUP DISABILITY INSURANCE

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this: Everyone — small investor, small business man, large business man, stockholder, banker, professional man, wife, widow, orphan, young or old—might try to fit himself into one of these four listed groups if he can, and be satisfied with what the group can get. If not, he should set about formulating some other group having interests which can command the attention of law-makers obsessed by the fear of the "Supreme Calamity." As an individual any voter is non-existent. As a member of a group—vocal, numerous, able to cast votes with some element of cohesion—he may get a hearing.

The destruction of the present "pressure groups" by railing at them is obviously not an answer. But if these four groups have succeeded and are still to be powerful, and if the Townsend Plan can serve as the basis for another new one, and the medieval financial ideas of an earnest priest can serve as the basis for another one it seems to point the way to the only possible solution. Here is a suggested list of interests not now having any voice which seem to offer a chance for groups which will represent popular ideas now voiceless:

1. *The Federalists*—Those who still believe that this is a Union of States.
2. *The Bill-Payers*—Those who believe that a \$35,000,000,000 debt is a menace if there is any intention of either carrying it or paying it.
3. *The Realists*—Those who believe that experiments should not be carried on on a nation-wide scale until they have been tested in smaller areas.
4. *The Believers in Common Sense*—Those who still adhere to the ancient belief that between people and their sup-

port from natural resources stands the need for vision and work, and that these can be called out most effectively by some practical and powerful stimulus.

This is by no means a complete list, but it illustrates the point. Here are four types of citizens gathered about specific ideas who are practically voiceless under the present set-up.

It may be, for example, that not enough of us who admire American hard horse-sense are getting tired of paying bills to make an effective group; or maybe there is not enough cohesion about "horse-sense" or "bill-paying" to serve as a basis for organization. But I, for one, would follow almost any leader who would make a real effort to rally a group about some such realistic ideas as these.

Why shouldn't the bill-payer be considered in dealing with government expenditures, relief, social reform, industrial relief, bonuses, pensions, power development, and tree planting and everything else, and why should he not protest while he still has something with which to pay?

Let's not abandon social reform, or experimentation, or new ideas, and such lovely things; but let's be sure that they get well tested as to their bearing on those who pay the bills, now and hereafter, as well as their appeal to the four great groups who now run our law-makers through the law-makers' fears. I would join a League of Tired Bill-Payers, or I am for forming a Horse-sense bloc.

I am thoroughly disillusioned about writing to Congressmen or Senators except as a member of a "pressure group."

Mystery Story

By Berton Braley

[There are more than 25,000 executive orders and bureau rules having the force of laws, in the New Deal archives. But there is no central file in which they can be found.—Garet Garrett]

COMMISSIONS, Boards,

Bureaucracies

Promulgate their commands,
Rules, Regulations and Decrees
—Which no one understands.
They wax in number, day by day
A flood that swells and grows,
And it's our duty to obey
The Laws Nobody Knows!

Where are they? When you seek
the trail
You get the "run around,"
And yet you may be sent to jail
By laws that can't be found.

What are they? Echo answers
"What?"

Although the record shows
You may be put upon the spot
By Laws Nobody Knows!

How doth the busy Bureaucrat
Fill many a dusty shelf
With rules and regulations that
He can't explain, himself?

How doth he? Who knows how
or why,
Or in what files repose,
The mystic codes we're governed by,
The Laws Nobody Knows?

Government Without Red Ink

By FRANK D. FITZGERALD

Governor of Michigan

A YOUNG official from Washington recently sat in my office and told me the state would have to conform to certain regulations concerning a public project.

"Or else," he said, "we won't be able to grant you any of our money."

"Our money," is what he said.

I told that young man to go back to Washington and find out whose money he was talking about. In that instance he was talking about money which belonged to the people of Michigan and which they were rightfully entitled to use.

This tendency to count the taxpayer out of the game immediately after he has thrown his chips into the pot is largely the taxpayer's fault. He has permitted government bureaus and government services to pile up until there is no way to make head or tail out of the tangle. When the structure of government is stripped down to its natural size again, when its fancy trimmings and unnecessary annexes have been removed, the taxpayer is going to regain sight of his dollars. Once he gets a glimpse of them, he is likely to take greater interest in how they are handled.

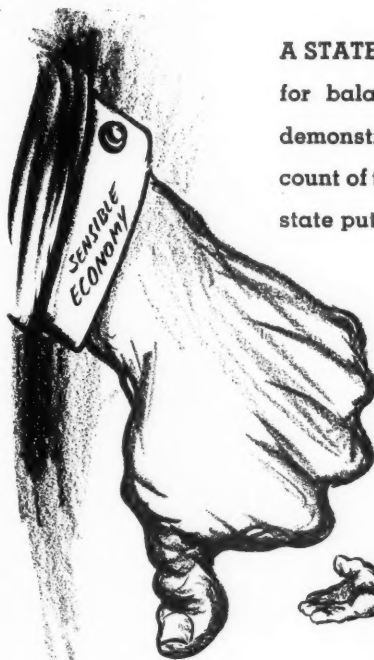
He has caught sight of them in Michigan and the results speak for themselves. They speak a forceful language in the status of the general fund from which the general operation of the state government is financed.

As of December 31, 1934, the general fund account closed with the figure \$6,692,304.50—in red ink.

As of December 31, 1935, it closed with the figure \$5,086,707.46—in black ink.

We have thrown the red ink bottle away in Michigan.

That doesn't mean that we have discovered some magic formula which will cure the country of its ailments, economic and otherwise. We brewed no cauldrons and cast no spells. We didn't even cut a woman in half, although the outcry occasionally raised at the capital may have given the impression that we were doing just that and using no anaesthetic. What we were actually doing



Eternal vigilance is the price of sound government finances

A STATE executive offers a simple formula for balancing government budgets and demonstrates its effectiveness with an account of the results obtained when his own state put it in practice



EDMUND DUFFY

at the time was cutting state expenses.

That is all anybody has to do who wants to balance a government budget. The formula is the same one that any business man has to use if he is going to keep out of bankruptcy—don't spend more money than you take in.

Appropriations above income

A CAREFUL estimate showed that, in the fiscal year beginning July 1, 1935, Michigan would take in about \$77,600,000. If we spent more than that, we would need the red ink. It was plain that the taxpayers were tired of red ink. In the previous administration they had overwhelmingly defeated a proposal that the state bond itself for millions of dollars to put up a lot of buildings—some of which were needed.

But the difficulty is that the same taxpayers who complain about the

size of the total budget will protest loudly against reductions of individual appropriations in which they are interested. As a result, when the legislature's appropriations were added up, they totalled \$81,400,000. In spite of promises of economy, we were going right ahead in the same old rut. Only one thing saved us. That was an amendment to the appropriation bill, adopted in the turmoil of the last hour of the legislative session which gave the governor authority to reduce appropriations pro-rata to keep them within revenue.

I believe this saving clause in the appropriation bill will be renewed by succeeding Michigan legislatures. I trust it will be adopted in other states

and it may not be amiss to venture the suggestion that the national Administration might give some thought to this device for budget balancing.

It has the advantage of being simple and it places responsibility for a balanced budget squarely up to one man. It is a tough responsibility and that one man will take some punishment, but if he hangs on, the budget will be balanced.

Under the authority of this amendment, I made a blanket reduction of five per cent in all appropriations. This cut the total to \$77,330,000.

We divided the budget into monthly allotments. For the first six months of the fiscal year we allotted \$43,004,800. The actual expenditure was \$41,900,000.

We had estimated our revenue for this period at \$48,000,000. Actually we took in \$53,000,000.

Advice on spending

THAT was pretty good, but our troubles were not over. With expenditures falling below the estimate and revenues exceeding it, the tendency is to loosen up a bit. A number of well-meaning people knew, and told us, just how we could use that extra money. It was not always easy to say no—but we said it.

We said it then just as we said it in the case of schools while the legislature was in session. No more powerful lobby ever came to Michigan than the school people and their allies. They had plenty of evidence to present, too. Schools were in a bad way. Local school authorities in many instances were bankrupt. It devolved

upon the state to save free education in Michigan. We had allotted \$21,000,000 to the school fund in addition to fixed revenues from other sources. We were told that, unless the appropriation was increased to \$25,000,000, the cause of education would be permanently held back. We did not increase it and it may encourage others who hesitate to reduce state expenditures to know that none of the prophesied difficulties have developed. Schools have not closed; teachers' salaries are being increased and terms are being lengthened.

In some places, however, we did increase the budget. We strengthened the staff of the board of tax administration, for instance. That was one reason for our increase in revenues.

Michigan's chief source of revenue is the sales tax. When business picked up, tax collections improved but we knew that many people were dodging their responsibilities either wilfully or through ignorance. The man who dodges taxes not only defrauds his government. He shifts an unfair load on to the shoulders of those who pay their taxes.

The extra force we added to the tax office brought forth, in the course of a year, 7,000 new taxpayers who produced about \$1,480,000 in additional revenue. The total increase for the year was about \$3,500,000.

Incidentally, it costs some states from three to seven per cent to collect their sales tax. Michigan does it for 1.65 per cent.

Furthermore, like most states, Michigan has an acute problem of tax delinquency. We decided to tackle this in a new way. We applied modern

methods of salesmanship. Instead of waiting for the taxpayer to come around to the treasurer's office on his own accord, we used advertising to make him feel that he wanted to pay his taxes. The newspapers, the radio, and the billboards drove home the state's message. In one month approximately \$12,500,000 was paid in delinquent taxes. Much of this sum represented a first instalment on some \$50,000,000 of taxes to be paid over a ten-year period.

Everybody wants appropriations

IT HAS been truthfully said that eternal vigilance is the price of liberty. It seems also to be the price of a sound financial policy in state government. Scarcely a day passes that does not bring to the capitol some individual or some group clamoring for a special session of the legislature, to appropriate funds for a special purpose. We cannot make additional appropriations without finding means to provide the money appropriated.

Every dollar that is spent by Government in any of its subdivisions, be they local, county, state or national, must in the end come out of the pockets of the workers who produce our wealth. The spending of borrowed money does not alter this fact, it merely postpones the day of payment,

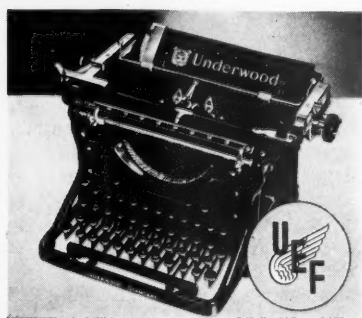


The taxpayers were tired of red ink. They had already overwhelmingly defeated a proposal that the state bond itself to put up a lot of buildings



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*Underwood Elliott Fisher
Speeds the World's Business*

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THE NEW **Underwood**
STANDARD TYPEWRITER

CASH OR CARRY?



Would you like to do a cash business?

Ready money is your key to better profits. There's a lot of yours tied up in your accounts receivable.

We will cash these receivables for you, and future ones, as you ship. Your customers do not know of your financial arrangements. You pass their credits and they pay you direct, in the usual way. You keep complete control of your business.

Many big and successful companies have found this service a tremendous help year after year. It is a smart, dignified transaction, with no red tape or complicated provisions. The cost is low. Why not try it yourself and see how it can benefit you.

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"Financing Your Business". This request does not obligate me in any way.

☐ Check here if you wish
representative to call.

piling interest upon principal, and in many cases penalizing generations unborn for the waste and extravagance of their forefathers.

There are times of emergency when big-scale borrowing and big-scale spending are justified, and in these times no good citizen will quibble about expenditures. Michigan has contributed valiantly.

In spite of our efforts to save money, we have not done our economizing at the expense of those who must look to the state for help. In the midst of all our economizing we have set aside \$9,000,000 for direct welfare relief and \$2,000,000 for old age pensions.

Emergencies must end

HOWEVER, emergency policies cannot be continued beyond the time of emergency, without grave consequences. In every successful fight against any kind of an illness, there comes a day when the patient must be made to stand upon his own feet. Michigan longs for that opportunity. We have had an unrivalled demonstration of what business and industry can do to advance on the road to recovery. Led by the automotive industry they have increased wages and put more men to work. At the same time they have turned out a better product at a lower price. They have invested money in men and machinery at a time when more cautious people are holding back their funds.

Such heroic efforts mean much to a community. The City of Detroit, for the first time since the beginning of the depression, oversubscribed its community fund. Other industrial cities have done the same. The only sure-fire remedy for economic illness is a regular pay envelope for all those who are able and willing to work.

For that reason the Government of Michigan today conceives it to be one of its chief duties to encourage the employers of labor in every possible way. You cannot do that by holding over their heads the threat of some new scheme involving a revision of the tax structure. Business today is a convalescent patient. To throw it into a state of fear and anxiety while it is still in a weakened condition is just another way of kicking the crutches out from under a cripple.

A fact not generally known is that one of the largest automobile manufacturers in Michigan has gone through this past year without permitting a single one of his employees to go upon the welfare rolls. I view this as one of the most significant developments in the history of industrial relations.

Here we have one of the largest employers of labor in America say-

ing, "We will take care of our own." Carry this policy out until it covers the whole field of employment and think what it means. It means that much of the reason for strife and bitterness between two classes of fellow-American citizens has been banished. It means that employer and employee stand together knowing that they share a common lot. It means that they are embracing the self-evident doctrine that industry depends, first of all, upon the security of its workers. As this spirit of mutual helpfulness spreads, I look for better times in Michigan than we ever had before. But Michigan must have a fair opportunity to work her way toward a better order of living, unhindered by decrees and regulations which she would not make for herself. And the money Michigan taxpayers contribute for the relief of their unemployed fellow citizens must be theirs to spend.

We need additional facilities for the care of the insane. Our state hospitals are overcrowded. People who should be confined are walking the streets. We have drawn \$500,000 from our emergency fund to build an addition to our largest state hospital. We asked the federal Government for a similar amount.

The Government has given nothing for this purpose.

It has found a way, however, to spend our money for raking leaves, and for building ponds to raise fish in.

Getting the most for the money

WE believe we know how to make our dollars do their best work in our own state. We think we should have the right to say *how* they shall be spent.

In business, the man who puts up money to give life to an enterprise usually has a voice in determining how that money shall be spent. In government this rule does not seem to apply. The private dollar is transformed into the public dollar when it passes over the tax collector's counter. The taxpayer, who paid that dollar as an investment in government, has lost all connection with it and all control over it. What's more, in many cases, he didn't care much what happened to his dollar. So it is not surprising that public money has been put to some remarkable purposes.

It is much easier to spend money than to save it. It is easier to create new taxes and new debts than to reduce taxes. It is easier to complicate government than to simplify it. But, until we throw out all the frills and millinery and devote the taxpayer's dollar to the essential purposes of government, we will get no further toward recovery than if we took that dollar and threw it into the sea.

IT PICKS UP *its own load!*IT CARRIES *it to another department!*IT STACKS *the material!*

\$150,000,000 SAVING

Annually in Handling Materials with Electric Industrial Trucks

Needless handling of materials in process does not add a cent to the value of any product although it does add to the cost. The more attention industry gives the subject, the more the electric industrial truck comes into the spotlight. It is the most versatile, flexible and modern way to eliminate needless handling. It often pays for itself in less than a year. According to reliable estimates, it saves industry more than \$150,000,000 a year.

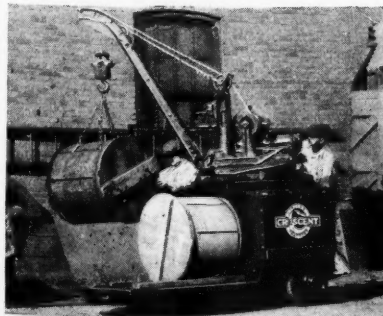
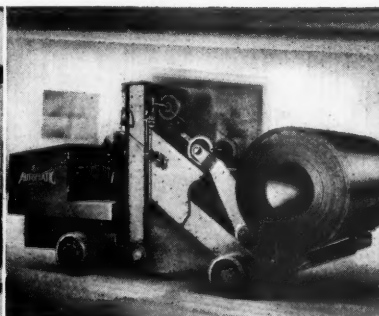
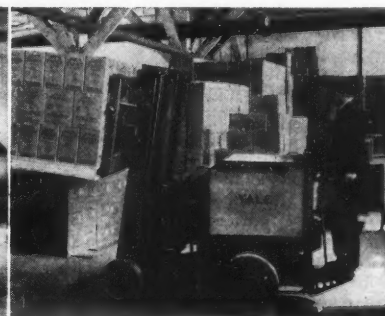
The Edison Alkaline Battery plays a major part in making such savings possible. It allows one truck to perform

various direct motor-driven operations—loading, lifting, hauling, lowering, unloading, without complicated gear. Safe—it exudes no carbon-monoxide fumes. Strong—it has been in many a crack-up without damage. Light—it uses less of its own power to move its own weight. Dependable—it is not subject to unexpected failure which might cause pro-

duction tie-ups. Rugged—the harder it works the more it thrives. Long lived—it lasts 2 to 5 times as long as ordinary batteries.

It must not be thought that these qualities are common to all heavy-duty batteries. Only the Edison (in U.S.) is built of steel and uses an alkaline solution; all others are lead-acid. Industrial trucks, therefore, use more Edison Batteries than all other makes combined. Complete, authoritative data upon request. Edison Storage Battery Division of Thomas A. Edison, Inc., W. Orange, N. J.

EDISON  **BATTERY**
Storage

IT TAKES *up its own load!*IT HAULS *it away!*IT STORES *the goods!*

NEW YORK LIFE INSURANCE COMPANY

Board of Directors

An active Board of Directors manages the New York Life Insurance Company. Each Director serves on at least one of five general Committees, which meet regularly to consider every phase of the Company's business. Two of these Committees meet as often as twice a week.

Through their work on Committees, as well as at the regular monthly meetings of the Board, the Directors keep in close touch with



THOMAS A. BUCKNER
President

the personnel and conduct of the Company. Directors receive no salaries, their only compensation being modest fees for attending meetings.

Outstanding leaders in widely diversified fields of activity, the Members of the Board gladly contribute their time, experience and advice in the service of the policyholders of this mutual company.



JAMES ROWLAND ANGELL
President, Yale University



NATHANIEL F. AYER
Treasurer, Cabot Manufacturing Company (Textiles)



ARTHUR A. BALLANTINE
Lawyer, Root, Clark, Buckner & Ballantine



CORNELIUS N. BLISS
Member of Board, Bliss, Fabian & Co.



HENRY BRÛÈRE
President, Bowery Savings Bank



MORTIMER N. BUCKNER
Chairman of Board, New York Trust Co.



NICHOLAS MURRAY BUTLER
President, Columbia University



CHARLES A. CANNON
President, Cannon Mills Co.



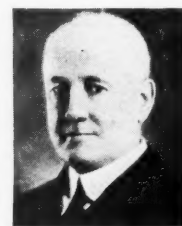
GEORGE B. CORTELYOU
Former Secretary of the Treasury of the United States



WILLIAM H. DANFORTH
Chairman of Board, Ralston-Purina Co.



ROBERT E. DOWLING
President, City Investing Co.



JAMES G. HARBORD
Chairman of Board, Radio Corporation of America



CHARLES D. HILLES
Resident Manager, New York State Employers' Liability Assurance Corp.



HALE HOLDEN
Chairman, Southern Pacific Company



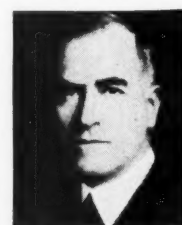
HERBERT HOOVER
Former President of the United States



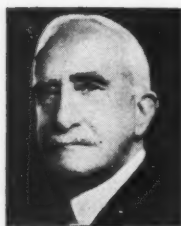
PERCY H. JOHNSTON
Chairman of Board, Chemical Bank & Trust Co.



WILLARD V. KING
Retired



GERRISH H. MILLIKEN
President, Deering, Milliken & Company



FRANK PRESBREY
Chairman of Board, Frank Presbrey Co., Advertising



EDWARD L. RYERSON, Jr.
Vice-Chairman, Inland Steel Company



ALFRED E. SMITH
Former Governor of the State of New York



J. BARSTOW SMULL
Vice-President, J. H. Winchester & Co., Inc.



PERCY S. STRAUS
President, R. H. Macy & Co., Inc.



RIDLEY WATTS
Director, Chemical Bank & Trust Co.

NEW YORK LIFE INSURANCE COMPANY

91st Annual Statement

DECEMBER 31, 1935

A MUTUAL COMPANY
FOUNDED IN 1845

INCORPORATED UNDER THE LAWS
OF THE STATE OF NEW YORK



To the Policyholders and the Public:—

During the year 1935 the New York Life Insurance Company paid or credited \$141,602,272 to living policyholders and \$67,991,240 to the beneficiaries of those who died. These huge disbursements reflect the great social service rendered by this mutual Company through the cooperative effort of its policyholders.

The Company's assets were \$2,243,587,752 at the close of 1935, an increase of \$134,082,528 over the previous year. Bonds eligible for amortization are carried at their amortized value determined in accordance with the laws of the State of New York. All other bonds, including bonds in default, and all stocks (guaranteed and preferred), are carried at market value as of December 31, 1935. The following table shows the diversification of the Company's assets at the end of 1935.

	Assets Dec. 31, 1935	Per Cent of each item to Total Assets
Cash on Hand or in Bank.....	\$57,207,273.47	2.55
United States Government, direct, or fully guaranteed Bonds.....	321,276,844.71	14.32
State, County and Municipal Bonds.....	218,461,034.63	9.74
Railroad Bonds.....	326,116,485.74	14.54
Public Utility Bonds.....	165,657,871.33	7.38
Industrial and Other Bonds.....	25,607,657.58	1.14
Canadian Bonds.....	53,235,381.24	2.37
Foreign Bonds.....	1,500,627.37	.07
Preferred and Guaranteed Stocks.....	80,880,743.00	3.60
Real Estate Owned (Including Home Office).....	115,335,505.83	5.14
Foreclosed Real Estate Subject to Redemption.....	4,106,665.78	.18
First Mortgages on City Properties.....	425,058,944.91	18.95
First Mortgages on Farms.....	9,493,652.22	.42
Policy Loans.....	379,961,059.47	16.93
Interest & Rents Due & Accrued.....	29,544,227.37	1.32
Net Amount of Uncollected and Deferred Premiums.....	29,997,474.44	1.34
Other Assets.....	146,303.28	.01
TOTAL ASSETS.....	\$2,243,587,752.37	100%

Securities amounting to \$35,722,134.15 included above are deposited as required by law

The liabilities, including policy reserves calculated on the most conservative basis used by American life insurance companies, were \$2,126,880,881 on December 31, 1935. A Special Investment Reserve of \$40,000,000 not required by law, and reserves of \$40,073,472 for dividends payable to policyholders in 1936 are included in the liabilities.

Surplus funds reserved for general contingencies amounted to \$116,706,871.

Mortality was favorably low. Expenses were slightly higher, due chiefly to increased taxation.

The interest yield on securities obtainable in 1935 of the high quality and type demanded by the Company for the investment of its policyholders' funds declined throughout the year. In view of the general financial situation and in adherence to the Company's principle that safety is the first requisite in life insurance and must always be the first consideration, the Company deemed it prudent to strengthen its reserves.

At the close of 1935 the Company had 2,672,636 policies in force giving insurance protection of more than \$6,620,800,000 to homes, families and business interests. The amount of new insurance issued by the Company during the year was \$466,356,000. In addition, men and women paid \$40,428,582 to the Company for annuities to provide a guaranteed life income.

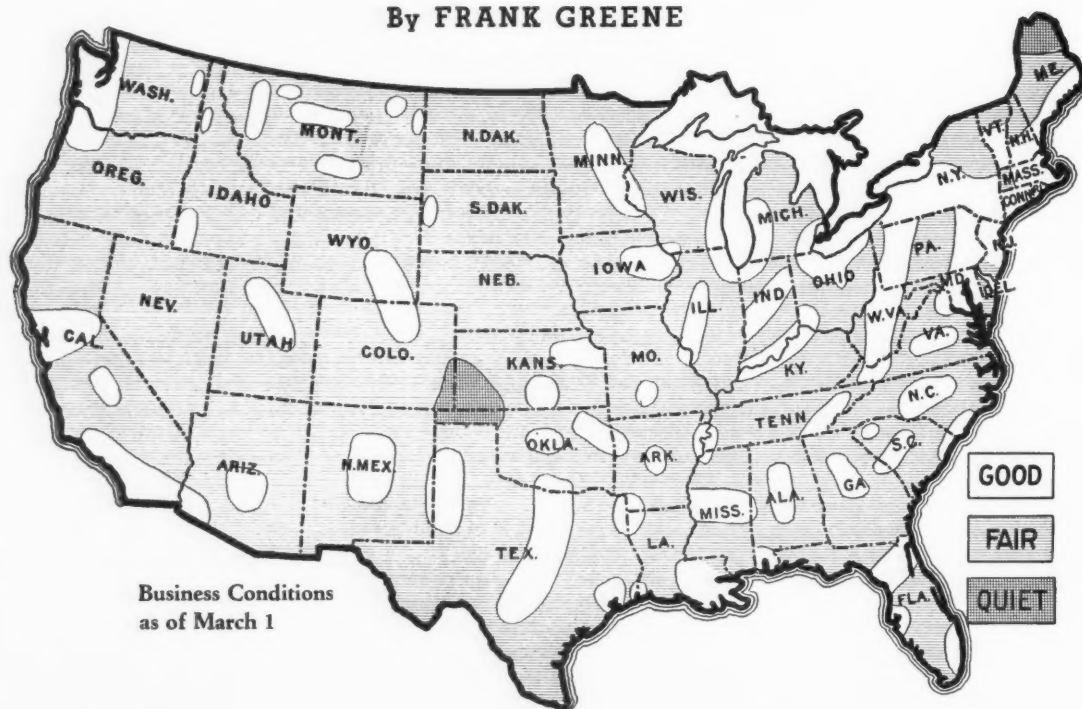
During its history of 91 years, throughout every financial and economic crisis, the New York Life has met every obligation it assumed. Today, as in the past, it is sound and safe. Policyholders may be assured as to their wisdom in making provision for their dependents in event of death and for themselves in old age through their insurance in this Company.

A more complete report listing the securities owned by the Company, as well as detailed information on any of our policy contracts, will gladly be sent upon request to the Company's Home Office, 51 Madison Avenue, New York, or to any of its Branch Offices throughout the United States and Canada.

Jos. A. Guernsey
President

The Map of the Nation's Business

By FRANK GREENE

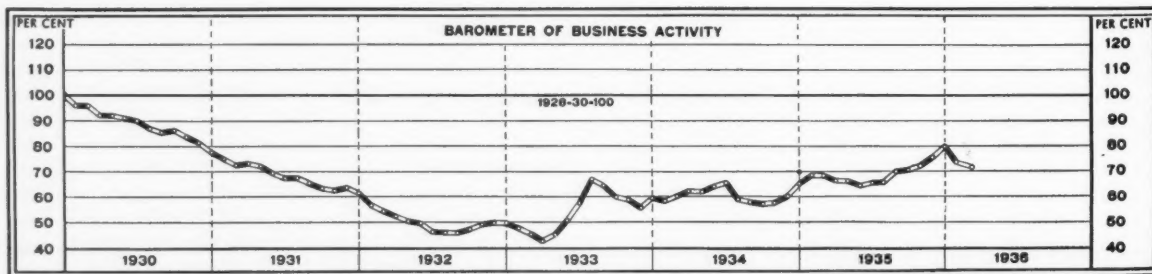


SEVERE weather with heavy snows and intense cold made late January and much of February memorable east of the Rockies. Rains and floods were reported west of the mountains.

Business reflected these conditions in a general slowing down and partial stoppage of distributive trade. Manufacture fared better. Coal buying and shipping provided work for miners and railroads. City trade reports were of a clean-out of winter apparel. Rural buying was greatly handicapped.

Bank clearings were one-tenth and debits one-sixth larger than February last year. Failures reached a low ebb of recent years. Commodity prices showed a trifling decline. Pig iron output declined while steel output gained slightly. Scrap steel prices advanced sharply. Perhaps the most important event of the month was the order given to the railroads to lower fares to two cents a mile. Stock price averages rose slightly, the eleventh successive monthly gain.

Another slight addition to the shaded areas in The Map may properly be charged to the effects of the weather upon man's activities



The Barometer line showed a further decline during February, due largely to the less-than-seasonal increase in steel operations and carloadings

BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

A Yardstick for Housing

(Continued from page 31)

governmental problems. Bound Brook is a part of Franklin Township, Somerset County, N. J., and certain taxpayers of that community went into a Federal Court. The plaintiffs alleged that they are being injured by the creation of this community since county revenues will be lessened and expenditures increased. Moreover, they assert that the federal Government never had the power to engage in any such undertaking. That case is still in the courts and may in time reach the United States Supreme Court.

The Resettlementers are inclined to attach little weight to this action, at least in talking about it. They feel that it was largely the work of an individual having a large estate in the neighborhood who didn't want a workers' colony too near his gates.

What the neighbors may think

AT any rate this green belt community is at a standstill. The planners forgot one essential to the plans—did the existing community want it? In the case of St. Louis they found out in time. In the case of Bound Brook, the courts will settle what the rights of others and the powers of the United States are.

At Cincinnati and at Milwaukee not much has been done in actual development. A winter of snow and ice has been the announced cause. A desire to await developments in the Bound Brook litigation may have contributed.

In Cincinnati there is considerable business opposition to the project. The Real Estate Board, building organizations and property owners who are directly affected oppose it. The Cincinnati Chamber is on record against the whole program. On the other hand, the Mount Healthy Business Men's Association, and the Mount Healthy Council and others have endorsed it.

In Milwaukee surveys have been made to determine house requirements. Resettlement has options on 3,300 acres and has bought some land. The resettlers began by sending out 5,000 questionnaires through labor unions to get the workers' ideas of the kind of houses they wanted and what they could pay for them. Twenty-five thousand similar inquiries followed.

Another survey was to check up the number of people employed in factories along the right of way of an

Snapped in Action as.. The Trend To Dictaphone Sweeps On



To your secretary, it means all that note-taking time is released for valuable work. To you, it means instant dictation facilities always available, without dependence on anybody else. That's why we say this modern dictating instrument doubles your ability to get things done.

We want Dictaphones to prove their

value before a dollar changes hands. With that in mind expose yourself just a bit to the unrealized story of what they could do for you. Note the coupon below, and send now for the booklet, "What Is An Office Anyway?" Anybody interested in more profit for himself or his stockholders will find it well worth reading.



C. H. Peddrick, Jr., Vice-Pres. & Gen. Mgr., United Feldspar Corp.



Kathryn M. Joyce, secretary to Sidney J. Burgoyne, Phila.



C. L. Meyers, Pres. Clarence L. Meyers, Inc., Phila.



T. H. Mettler, Sales Manager Interwoven Stocking Company

Miss Joyce says, "The clear Nuphonic reproduction of the new Dictaphone gives me greater speed and accuracy."

DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

Some companies that have recently swung to Dictaphone:

John Wood Manufacturing Co.,
Conshohocken, Pa.
Globe-Wernicke Co., Cincinnati, Ohio
Chicago Motor Club, Chicago, Ill.
Seagram-Distillers Corp., New York City
National Dairy Association, St. Louis, Mo.
Metzger-Parker Company, Portland, Ore.

Dictaphone Sales Corporation
420 Lexington Avenue, New York, N. Y. NB-4
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☐ I want to see your representative.
☐ Please send me my copy of "What Is An Office Anyway?"

Name

Company


Address

POSTURE AND BUSINESS

CORRECT SEATING

SAVES THOUSANDS

OF ERRORS DAILY



END "stoop and slump"—and the ills for which they are responsible—in your organization! Turn to posture seating for the sake of health and efficiency.

Harter Posture Chairs combat fatigue by supporting the entire body comfortably and correctly. They give support at the small of the back, the weak spot of the spine. They provide proper seating space—the end of the spine projects beyond the rear of the seat, relieving the delicate coccyx muscles and sensitive nerves from pressure. Also, the front of the seat does not interfere with blood circulation and nerve action behind the knee joints.

Harter Posture Chairs are adjustable to the individual—fitted by quick, positive and easy adjustments—both as to back support and height of the seat from the floor.

FREE Write for booklet giving complete Harter Posture Story. Dealers are also invited to write—some sales territory still available.



Newest and most popular posture type for office use.



Below is a practical posture chair for industrial workers.

HARTER

Corporation

Address



Sturgis, Mich.

Desk A-3

MANUFACTURERS OF THE WORLD'S
FINEST SEATING EQUIPMENT

interurban line between Milwaukee and the RA site. Other surveys were being made by an engineering firm.

Surveys and questionnaires cost money. How much of that expense will be reckoned with when the time comes—if it ever does—to fix the rent on these Milwaukee houses? Meanwhile the Washington overhead goes on. Draftsmen sit at their drawing boards and put on paper their dreams of an ideal community, where the "more abundant life" is so abundant that it almost overflows.

Construction goes on

THIS leaves only the Berwyn project in Prince Georges County, Md., five miles beyond the boundary line of the District of Columbia. Here the Department of Agriculture owns approximately 15,000 acres devoted to various forms of agricultural research. Adjoining this property, the Resettlement Administration has acquired about 1,950 acres of which the town site will occupy 217. It hopes to provide low rent houses for 1,000 families. Here again each group of houses will surround a campus with playgrounds and green spaces. Here will be a lake, an athletic field and a business center. The plans call for as few miles of highway as possible with underpasses beneath the roads to add to pedestrian safety.

At Berwyn, houses are really being built, some concrete, some brick and timber—but at least houses. It is hoped that a number of them will be ready in August. Who will occupy these houses, what will they rent for and what will they cost? are questions not yet settled.

It was at first thought that a part, perhaps most, of the population would come from the Department of Agriculture's Experimental Farms, with other government employees coming from the District since the new town is within easy driving distance of the center of Washington. Then it was thought that nearby workers in other than government fields might come. All that's to be settled, but the green belt planners report requests from 1,100 prospective tenants—100 more than can be accommodated.

The political problem at the Berwyn project is yet to be solved. How shall the green belt resident pay his taxes for police, for fire protection, schools, sewage and water? So long as the houses and land are federal property, they can't be taxed. But the Government doesn't want to yield its control over this community.

Negotiations are under way with the state of Maryland to incorporate "Greenbelt." The plan provides for a holding company of government offi-

cials, the surrounding county and Greenbelt residents. This company will take title from the Government and, in return, give a mortgage running for 40 to 60 years. There are dozens of difficulties in the way of settling a federal colony within an independent state.

It's hard to imagine a business man undertaking a real estate development without a full understanding of the tax problem of the men to whom he purposes to sell or rent his houses. At Berwyn it is planned to rent, not sell, these houses. There will also, if the full plans are carried out, be some small apartment buildings. Rents aren't yet decided upon but the Tugwellites are thinking of a modest house, five rooms perhaps, at \$30 a month. That would be \$360 a year. The desire is that no family should pay more than one-fifth of its income for rent. On this basis, renters would need an income of \$1,800 which takes them out of the "low income" group as the phrase is used in describing Resettlement's task.

It is a common and loosely correct phrase that a house should rent for about ten per cent of its value. A house to rent for \$360 ought to be salable at \$3,600. A builder who proposed to put up houses in the neighborhood of Berwyn to rent for \$30 a month couldn't afford to put more than \$3,000 into the building exclusive of land. At Berwyn the cost of building a five room house is estimated at \$4,000, a jump of one-third.

But is that \$4,000 figure, even though it is a third higher than the private builder's, a fair one? That may be questioned. At Berwyn there will be parks; there will be open spaces landscaped for small groups of houses; there will be the artificial lake; there will be the athletic field; there will be dozens of things to the advantage of the green belt dweller but not included in the \$4,000 construction cost.

When we come to administrative and overhead costs with which the private builder must reckon, penny by penny, we are lost in a maze. The Resettlement Administration has architects and draftsmen not by the dozens but by the hundreds. How much of their salaries is charged to this individual house which in theory costs \$4,000 to erect? The private builder's \$3,000 house has to include even the rent of his own office. Resettlement Administration occupies 19 different buildings in Washington. Did the Berwyn house pay its part of the 19?

The writer asked an experienced engineer, now working for Resettlement, this question:

"Take a house at Berwyn which they feel (and honestly I'm sure)

cost them \$5,000. Do you feel that, if all the costs were properly included, it would be too much to say that the houses really cost \$8,000?"

"No, I don't," was his answer.

Administrative overhead on these houses in the green belt towns is impossible to reckon. There is no charge against our \$30 a month Berwyn house for taxes during construction, no charge for insurance (government property can't be insured). What about interest on the capital used in the construction? Garden cities are built with government money.

As a demonstration for business, as a trail blazer for the private builder, these suburban housing projects are of little value. They demonstrate what it would be delightful to do. To quote Professor Tugwell:

"Our venture . . . will be of more interest on the community side, in its completeness, its gracious planning, its pleasant proportions, its access to the countryside, its marriage of industry to agriculture."

Houses will be subsidized

ALL delightful. All—to use Dr. Tugwell's word—"gracious." But can it be done? He himself asserts that half our city dwellers have family incomes of less than \$1,200. The \$1,200 man should not pay more than \$240 a year rent.

Professor Tugwell himself pointed out in his speech the impossibility of his project. Here are two phrases:

Our houses will bear their full share of the taxation from which will come the support of education and other public services. These taxes must be paid from our collections. These must also cover the operation, maintenance and repair of our houses. . . .

Let me frankly admit that there may be some element of subsidy if we are to maintain building and maintenance standards and keep rents down.

The tenant on a government-fostered project lives partly at the government expense, paying taxes to Government with government money.

And so the Government asks business to measure its operation by a yardstick of indefinite length and in the person of Professor Tugwell threatens:

The Administration is waiting patiently for the appearance of houses which can be built for the workers and farmers in this country at a cost which will bring them within their means. If private industry persists in its refusal to exploit the possibilities which are clearly there, the pressure of public opinion may force the Government to enter this field on a very wide scale.

Seemingly the Government purposes to put up houses and sell or rent them and then say to business:

"If you're not ready to do this, we'll have to build more dwellings to be rented at a loss."

ON \$100 A MONTH



You can live in "The GOLDEN EMPIRE" of Northern California

Life can become a new adventure in the beautiful Sacramento Valley. Its climate is as golden as the precious metal that lured the 49'ers. And nearby are the rugged Sierras, the glorious Yosemite, the Pacific.

Three-room Spanish bungalows in Sacramento may be leased for \$25 or \$30 a month. Fruits and vegetables are cheap and abundant all year. \$100 a month should provide all the necessities with something left over for recreation.

While you may not be able to live in such a *Leisure Land* now, there's no reason why you cannot retire from business or professional life some day. When that time comes you may prefer another part of the country—or your own home town—but begin a *Northwestern Mutual Retirement Plan* soon enough and you can have the means to retire when you reach your fifties or

sixties. You can count on a monthly check from the Northwestern Mutual for \$100, or more, for the rest of your life.

Leisure Land—the dream of many men! But how few ever reach it! "Get-rich-quick" schemes stop some. Careless spending stops others. And some do not start in time. Why not make up your mind that you will let nothing stand in your way?

Write for the "Wonder Spots" Book

32 pages describing and illustrating many American *Leisure Lands* where you can live on \$100 a month, and describing a time-tested retirement income plan developed by the Northwestern Mutual, the company known through 79 years for the economy and dependability of its service.

THE THRIFTY WAY TO *Leisure Land*

THE NORTHWESTERN MUTUAL, Milwaukee, Wisconsin
Please mail "Wonder Spots" booklet.

Name (Print).....
Address.....
City..... State..... Age.....

How much income can I have at age 60 if
I lay aside \$..... a month? 65
NIE-4-36

The
Northwestern
Mutual
LIFE INSURANCE COMPANY

A Billion Dollar Estate

MILWAUKEE-WIS.

The assets of the Northwestern Mutual, as reported to state insurance departments, now total a billion dollars—a great estate administered for the mutual welfare and protection of more than 600,000 policyholders with 3 billion 700 million of insurance in force.

REPUBLIC HOSE *for* Every Type of Service



FOR 35 YEARS, Republic's wrapped woven, braided and metal or wire reenforced hose have been known for their exceptional quality. Regardless of your hose specifications for conducting air, water, steam, gases, oil, gasoline, chemicals, acid or fluids of any kind—we can meet them accurately.

Republic produces hose for withstanding heat, internal or external pressure, or abrasive wear—hose of good appearance, of pronounced flexibility or other required properties. We fill all hose demands for fire fighting, oil well drilling, sand blasting, spraying, etc., and for those special requirements of railroads, dairies, breweries, contractors and a score of other industries. We have made exhaustive researches into applications of every description and offer a highly specialized service.

Write us for literature or any specific information on the types of hose suitable to your particular needs.

**THE REPUBLIC
RUBBER COMPANY**
YOUNGSTOWN, OHIO

Leadership
IN POLICY, PRODUCT AND PERFORMANCE

Order Republic Rubber Products
From Your Distributor

Market Sentries of Small Business

(Continued from page 22)

house for sound industrial ideas, practically developed. Its greatest advantage and strength lie in its independent nature. Doing a wide business, it suffers none of the ills of subsidy. It has an honest service to sell in an honest manner and, although no human institution is infallible, its mistakes should be the result of human fallibility and not cupidity.

Abstracts must be checked

FREQUENTLY a consultant is called in to assist on a problem, and when the facts are laid before him, he recalls that the subject has been investigated and considerable data on it published in a scientific or technical journal. When he mentions this, the research man may exclaim that he subscribes to that journal, but he does not always read it religiously. The research man is not entirely to blame for this. It is physically impossible for any individual to read one-half of the scientific and technical literature that is of direct interest to him, but it could be supplied him in abstract form. This service alone is invaluable to research.

In patent matters, for instance, when one's research worker has conceived and developed an idea, it is well to submit the specifications to a consultant of wide experience. He may see far beyond the narrow object that gave rise to the invention and realize its broadest possibilities in the same or related fields, or even in other fields entirely. In this way a broad specification may be prepared that will support a claim structure giving adequate protection for all the possible uses of the invention so that, in some not too remote future, one does not find development restricted through the limiting action of one's inadequately claimed patent.

Undoubtedly experience is the most enlightening of all agencies through which man acquires knowledge. Following the procedure here laid down, certain articles have been developed and marketed in the teeth of a business depression.

Only a few years ago, when the consulting business was suffering from the general business condition, a survey of the field of analgesics revealed a definite need for a new type of pain relief remedy, especially adapted for use by sufferers from chronic pain. The consultant, being well versed in pharmacology, had certain ideas of his own. He knew where

to find a pharmacologist who could test certain suggested formulae and the work was laid out along systematic lines. The pharmacologic action of the various suggested formulae was studied with animals and a basis of evaluation derived.

The formula displaying the superior properties was immediately put to clinical test and its superiority for the human demonstrated. Capital was then interested, not in a new idea, but in a proved product. From then on the problem was one of merchandising.

Because of the comprehensive manner in which the product had been developed, it was possible to present it to the medical profession and to the public on a strictly factual basis. The product was out of the red within the first year and from its inception the sales curve has steadily mounted.

So much for a depression baby—the real proof seemed to lie in whether or not it could be repeated. The field of nutritional accessories was given a careful survey in light of the trend in nutrition resulting from scientific work and clinical practice. An old and well established product was found to have recently undergone a renewed interest because of certain discoveries in nutrition which gave it an added value in the diets of infants. An associated property of this product was also found to be highly desirable in diet of certain adults. The product as a whole, however, was not so ideally adapted to the adult dietary.

Making use of waste

HERE was a condition that required some intelligent library research. After the literature was combed, a certain waste product was believed to possess the desired properties.

Some of this waste product was obtained and chemically processed. A method of extracting the valuable constituents was developed, the extracted material tested and found to be precisely what was wanted.

What, at first, seemed a misfortune was that the source material was a by-product of an industry carried on by a large number of independent agencies and individuals. The task of organizing a source of supply presented some definite problems, but eventually a pooling of interest was evolved, and a collecting system worked out that relieved the actual producer of nearly all effort. Soon the raw material was flowing into the

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It may pay us to see
why Royal is World's
Number 1 Typewriter



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You will hear facts . . . not claims!

Royals deliver!

That is why the New Royal has captured the imagination of executives and typists everywhere—why Royal sales are increasing so rapidly.

Back of it all, is another story—a story of vision, of years and millions wisely invested in study and research.

Wins World's Championship!

Today, the New Royal is World's No. 1 Typewriter, selected by Albert Tangora, used by him to win the present World's Typing Championship.

Not only does this great typewriter produce better typing, faster, and at lower cost, but its operating perfection is retained with minimum attention, throughout years of service.

Actually, for truly outstanding performance, there is only one typewriter . . . the New Easy-Writing Royal.

Phone for a demonstration. In your office, with your own operators . . . Compare the Work!

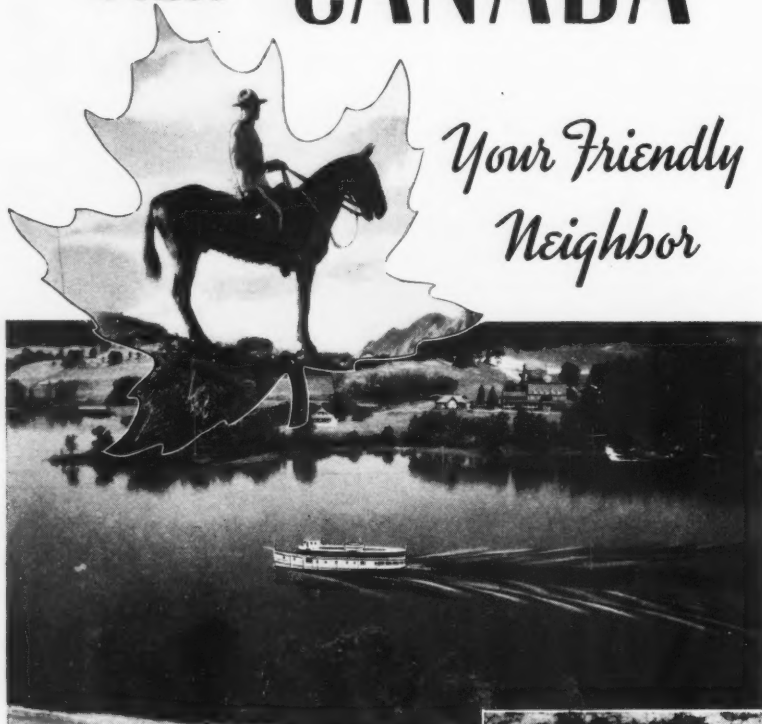
Royal Typewriter Company, Inc.
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● **FIRSTS** that make Royal **FIRST!** . . . **SPEED**—Greater volume; **EASE**—With Touch Control, Shift Freedom and other exclusive features; **CAPACITY**—Greater output, finer quality; **ECONOMY**—Records prove it; and **DURABILITY**—Royals last longer!

NEW EASY-WRITING ROYAL TYPEWRITER

This Summer... Visit CANADA



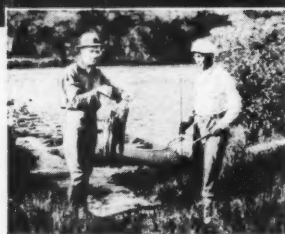
*Your Friendly
Neighbor*

WHEN you "CROSS THE LINE" into Canada, you're truly *abroad* in a foreign, fascinating, vacation land. Yet all the while, you have that pleasant feeling of being at home among hospitable, friendly neighbors.

Do you long for a rustic family cottage, set on the edge of some crystal-clear, pine-bordered lake—for unspoiled streams where you can challenge fighting, finny beauties—for a gypsy motor trek—for the gay life of distinctive summer colony resorts?

Whatever appeals to you in the way of vacation diversion, enjoy it to the full as a guest of Canada, "your friendly neighbor." The border is only a few hours away by motor, rail or boat, with no red tape at the crossing.

The cost? It need be scarcely more than you'd budget for an ordinary holiday. Just inquire at your nearest Canadian railway or steamship office for full information. Or write for free illustrated literature and maps to Dept. AD236.



Come to Canada's unspoiled fishing grounds, where you can be sure of exciting sport and a good "catch."



From many of Canada's great cities you can embark on a delightful cruise of fascinating inland or coastal waters.

CANADIAN TRAVEL BUREAU
Ottawa, Canada

plant and the product was being made.

Again we have the case of a proved product. It was not difficult to interest the pharmaceutical houses. In a single season this product out-sold the old and established product in its chosen field.

It set up a new industry, brought an added profit and added materially to the health of millions.

After all this discussion of research, it may be well now to inquire as to what it is.

The dictionary meaning of the word is simply "a careful inquiry, diligent investigation." Although this definition does not limit the subject matter for investigation, the purist may hold that it properly refers to academic investigations and that the term "industrial research" is a species of misnomer. There is nothing to support such a contention, however.

Research on a small scale

THE diligent investigation, protracted to a state of "practical perfection" of so simple a combination as the hook-and-eye is as truly research as are inquiries into the composition of the stars. In fact, the simple addition of a "hump" to the under side of a hook revolutionized the fastener industry, and made a fortune for its inventor, in days when the word research was not bandied about as it is today.

The purists, however, are justified to some extent. Research certainly implies diligent, systematic and protracted inquiry and experimentation. Too much desultory and haphazard effort passes currently for research in the minds of many executives.

It may be said that there are two distinct phases of research, the fundamental and the practical, but the distinction is one of convenience rather than fact. The fundamental research of today is the applied knowledge of tomorrow.

When pure science isolated and evaluated the electron, nothing could have seemed a more academic accomplishment, but in a few years this isolated electron was harnessed to give us our radio and a variety of industrial control apparatus.

If one must make a distinction, it should be between the type of mind fitted for fundamental research and that fitted for its more practical application. The one is cold, exact, far visioned, if somewhat narrow, and prone to stick to cold facts. The other is of a warmer stuff; its vision is broader if not so penetrating. But the great point of identity in the two minds is that both entertain *ideas about facts*. The one draws his facts from the fundamental principles of

first causes and the other from the every day transient facts about him. For successful research both types are needed. Unfortunately, these two qualities of mind rarely exist in a single individual, but frequently in separate individuals who, for some psychic reason, are but little in sympathy with each other. Practical research results emerge when these two qualities of mind are correlated or made to work in harmony. Correlation of these two types of mind is the true function of the Research Director.

Invaluable to practical research is the mind concerned with people and their contemporary activities. This is the mind that contributes the gadgets, the utilitarian objects and devices that create and sustain change and activity. For the scientific mind, it is the avenue to practical realization.

We have spoken of ideas about facts. One may say that an idea is not a fact, for a fact is a fact. But most of the facts of today pre-existed as ideas and ideas are fundamental to research.

Every man with a scientific degree is not fitted for research. If one had to choose between the educated but barren mind and the untrained but fruitful mind there should be no hesitancy in the choice. The wise research director will surround himself with both and the value of this is written large in the patent literature of any country. Of the myriads of issued patents, narrow them down to those upon which an industry or a highly profitable business has been founded and the percentage of inventors drawn from fields other than the art in which they invented is overwhelmingly large.

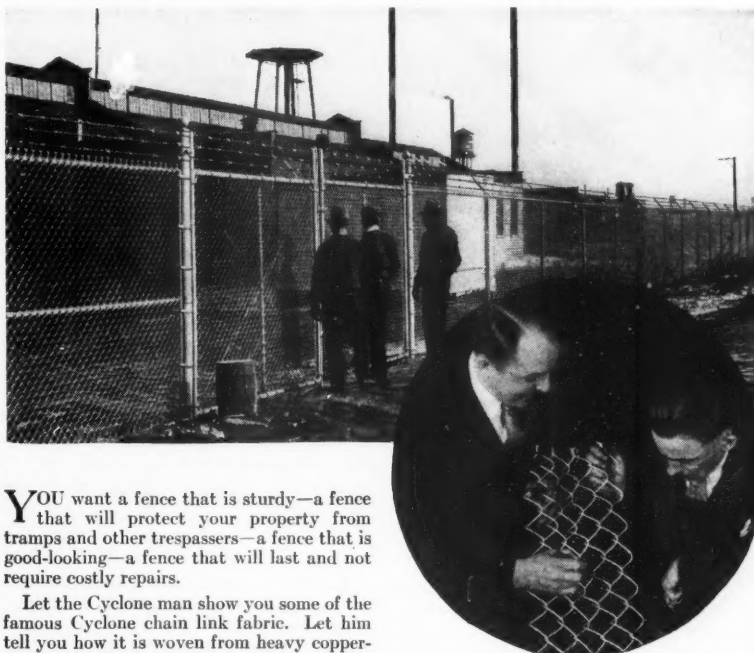
Outsiders have good ideas

THE initiated know that many of the important inventions that have contributed so largely to the success of large corporations did not emanate from their laboratories or technicians, but were brought to them from the outside and frequently from someone who was hitherto unknown in the art.

Again many emanated from mechanics and even salesmen not concerned with research. This is no slur on the research staff of these corporations, but it is to their credit, and the credit of the research director, that there were sufficient breadth of vision and singleness of purpose to give attentive audience to the wayfarer and profit by his words.

But ideas alone will not suffice; they must have a factual basis if they are to yield practical and profitable results.

HOW TO CHOOSE THE RIGHT FENCE FOR YOUR BUSINESS PROPERTY



YOU want a fence that is sturdy—a fence that will protect your property from tramps and other trespassers—a fence that is good-looking—a fence that will last and not require costly repairs.

Let the Cyclone man show you some of the famous Cyclone chain link fabric. Let him tell you how it is woven from heavy copper-steel wire, why it is galvanized after weaving with an extra heavy coat that assures long life, why upkeep costs are so small. Let him explain why Cyclone H column posts are the strongest known for weight—why Cyclone's method of hanging gates prevents sagging. Let him tell you all about Cyclone's 12M galvanizing.

Let him explain how Cyclone chain link fence is installed by men trained and directed by the Cyclone Fence Company.

Our factory trained engineer will help solve your fence problems and will give you an accurate estimate of costs. There is no charge for this service.

Remember—Cyclone is not a type of fence but fence made exclusively by the Cyclone Fence Company. Be sure your fence has the Cyclone trade-mark. It is your guarantee of quality. Remember, too, that Cyclone makes a fence for every purpose.

FREE BOOK ON FENCING

Contains pictures of 14 kinds of fence and tells facts you should know about chain link fence, steel picket fence, and many others. Book shows how to have fence gates that don't drag, fence rails that won't buckle in hot weather, fence post foundations that will not be weakened by frost. No matter whether you are thinking of building a fence now or later, no matter whether you run a factory or a railroad yard—need a few feet of fence or ten miles of it—you need this valuable book. Send for your free copy today.

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Branches in Principal Cities

Pacific Coast Division:
Standard Fence Company
General Offices: Oakland, Calif.

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CYCLONE FENCE CO., Dept. 642, Waukegan, Ill.

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I am interested in fencing: ☐ Residence; ☐ Estate; ☐ Industrial Property; ☐ School; ☐ Playground; ☐ Property.

Cyclone Fence



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SINCE we announced this service several years ago, hundreds and hundreds of people have welcomed it as the answer to their prayers.

No one enjoys a long, hot, tiresome drive across the continent. But many people want their car when they arrive. This service speeds you to your destination in a luxurious, air-conditioned train while your car goes fast freight. The cost: two first class one way or roundtrip tickets (one for you and one for another person); another ticket at the rate of 3.6¢ a mile for the car. That's all there is to it.

Choose your train from the map below. They are famous names in the west. Every one is completely air-conditioned, with every luxury. Yet you pay no extra fare to ride them. Go on one and return on another, if you wish.

Summer excursion fares east and west start May 15. Examples: \$86 from Chicago to California and back in standard Pullmans, plus berth; \$68.80 in tourist sleeping cars, plus berth; \$57.35 in chair cars and coaches.



TEXAS CENTENNIAL EXPOSITION at Dallas, June 6 to Nov. 29 and CALIFORNIA EXPOSITION at San Diego, now to Sept. 9, are directly served by Southern Pacific.

Southern Pacific

For information and literature about a trip west, write O. P. Bartlett, Dept. NB-4, 310 South Michigan Boulevard, Chicago.

Making Disaster Pay Dividends

(Continued from page 34)

of cotton dropped suddenly from 40 cents a pound to less than half that much, they found themselves with a tremendous stock of unsold rope on hand and the rope factory quit business.

"Well, Luther," said Bill one day after their bankers had advised them to suspend operations and take their loss, "I guess the rope factory is a washout. But what are we going to do with the corpse?"

"I'll match you for your share of the stock," said McCallum.

"Okay," replied Robinson as he flipped a coin. "Heads it's mine, tails it's yours."

A Buffalo nickel spun upon the floor and rolled to a stop—heads up.

"It's all yours, Bill," grinned Luther. "And I wish you luck!"

Bill Robinson accepted his white elephant in silence. Surely, he pondered, there must be some way to make the rope factory pay—but how?

To add to his worries, the yarn mill caught fire. The finished yarn was stacked in folds and hundreds of these folds were charred at the edges, leaving strands of yarn only one or two feet long which had practically no market value. But again disaster was on their side. Shortly after the fire, opportunity entered the McCallum & Robinson offices in the person of a rough-looking man in overalls who smelled strongly of tar and creosote.

A market for short yarn

"I'M a roofer," the stranger announced, "and I wonder if you fellows could make me a good mop for tarring a roof. You got a lot of cotton yarn around here, ain't yer?"

Could they? They could! To what better use could the short strands of burned yarn be put than the manufacture of mops? In the old rope mill they started a mop factory and Robinson put his young son and nephew to work cutting the yarn with scissors.

That was the humble beginning of the Romac Mills which is today one of the largest mop manufacturing enterprises in the world and has sold as many as 17,000 dozen mops and mop heads in a single order. Among its customers are nationally known chain stores and great manufacturing concerns. This mop factory now consumes 80 per cent of the yarn from the McCallum & Robinson mill, the rest being sold to manufacturers of rugs, carpets, upholstery and similar products.

A trip through the McCallum & Robinson plant of today shows what can be accomplished in the art of salvage. Fire-charred and water-soaked bales arrive by train and truck to be opened and picked apart by negro workers who separate the burned cotton from the good and the dry from the wet.

No longer dried in the sun, the wet staple goes to the mammoth steam dryers where a wire conveyor passes it over the mile of hot, steam coils as electric fans blow hot air upon it. The dried product emerges at the far end where it is pressed into bales to be used or sold as reconditioned cotton.

Damaged and dirty cotton, mill floor sweepings, discarded samples and the like are cleaned and reginned by special machinery. This product goes to the McCallum & Robinson yarn mill and the bulk of it eventually finds its way to the concern's mop factory. So thorough is the process of salvage that even the scorched or water-soaked bagging is reclaimed.

The death of Mr. McCallum a little more than a year ago left Mr. Robinson in sole direction of the big concern.

At 52, Mr. Robinson is today one of Memphis' outstanding citizens, active in many civic affairs. He has been president of the Memphis Cotton Carnival, vice president of the Memphis Cotton Exchange, a director of the Chamber of Commerce and a director of the Rotary Club. His stately Central Avenue home is a far cry from the two-room log cabin where he was born—as far removed as is the 15 acre McCallum & Robinson plant of today from the wooden shed in which the business began.

Bill Robinson's ambition as a bare-foot boy on a Tennessee farm was to be a railroad man—a conductor with shiny brass buttons and a gold-braided cap—and today one of the most unusual features of the McCallum & Robinson general offices is a reception room which he has built as a replica of a Pullman club car, even to a regulation "observation platform" which overlooks the flower-dotted lawn.

Such is the story of McCallum & Robinson, Inc., and the man behind it today—who accidentally "picked a pickery" for his career and "mopped up on mops."

Visiting Washington?
 Since the fourth President before Lincoln, famous men's letters and books have mentioned the hospitality of
The
WILLARD HOTEL
 "The Residence of Presidents"
 Washington, D. C.
 H. P. SOMERVILLE, Managing Director

Business Highlights and Sidelights...

Novelty begets novelty

IT turns out that one good service begets another. That air transportation has defined a need for insurance is common knowledge. How the need has been satisfied is a story of business resourcefulness. Six of the largest casualty companies are now underwriting a new form of coverage for airline commercial travelers at a rate to employers of \$1 per \$1,000 per year.

This so-called "air-surance" is issued by the Aetna Casualty and Surety Company, Century Indemnity Company, Hartford Accident and Indemnity Company, Maryland Casualty Company, New Amsterdam Casualty Company and United States Fidelity and Guaranty Company.

In this connection it is relevant to note that a unified air express serving 215 cities has been established by 22 major airlines in cooperation with the Railway Express Agency. Progress, as these amendments suggest, goes forward not only by the driving force of its main current of advance, but also by the auxiliary innovations it inspires through the logic of "demand."

Science blamed both ways

SCOLDING the technologists for not accelerating the pace of change is something of a novelty on the critical front. Usually they are lambasted for travelling too fast. It is Charles F. Kettering, head of General Motors Research, who lays the slump to undeveloped industry. For measure of how far new developments have lagged, he takes the \$40,000,000,000 of unemployed bank credit and the 10,000,000 unemployed men.

Here is his line of reasoning: American industries in the past 50 years have become almost automatic. This invention and that and the other thing came along to pick up and supply new facilities for the industrial world. In turn they require capital and investment.

He is ready to apologize to the bankers, he says, for the poor job the technological staffs have done. But the poor job was not chargeable so much to their inability to do the things that needed to be done, but because of the lack of recognition of the necessity for getting the things done. A mark against the bankers for that.

Bringing new industries to maturity is an exacting job. It takes plenty of patience, plenty of money. The way it is done wins no praise from Mr. Kettering.

Opportunity and challenge radiate from his comment:

"If human children were treated as industrial children are treated, a baby nine months old would have to be earning its own living."

Business size is relative

WHAT is the true dimension of business? Must it always stand in the public mind at the extremes of "big" or "little"? Dun & Bradstreet's head analyst, Roy A. Foulke, has been playing the light of his research on "tangible net worth" as a basis of size comparisons. In 1935 there were 1,973,000 active commercial and industrial enterprises operating in the

United States. Using Mr. Foulke's figures as a yardstick, it develops that firms with less than \$500 accounted for 30 per cent of the aggregate; firms with \$500 to \$3,000 constituted 28 per cent; firms having \$3,000 to \$5,000 added ten per cent more. These three groups, then, included virtually 70 per cent of all the going concerns in the United States.

Putting it another way, of the aggregate of nearly 2,000,000 firms, 1,372,000 had a net individual worth of less than \$5,000. Just for contrast, only 2.4 per cent—47,592—had the distinction of the "more than \$500,000" bracket.

However eloquent the figures, it takes the most hardened optimist to expect them to change the widespread notion that big business is the rule. The longer a man is in business, the more occasion and opportunity he has

BELLRINGERS



FAIRCHILD AERIAL PHOTO

Legislative Overhead

BY THE reckoning of the Associated Press, the cost of maintaining the Congress is about \$20,000,000 a year, including the Capitol Building and grounds, the Government Printing Office and the Congressional Library. Representative items include:

\$3,000,000 a year for salaries and contingent expenses of the Senate, with \$960,000 required for Senators' salaries, and \$50,000 for mileage. \$2,723,900 for Senate employees,

committee clerks, and secretaries.

\$536,000 for contingent expenses, including \$60,000 for reporting debates, \$150,000 for investigations, \$19,500 for stationery and similar items.

\$4,405,000 for salaries for members of the House, and \$175,000 for mileage.

\$3,000,000 for House clerks and secretaries.

\$90,000 for House telephone services, and \$60,000 for stationery.

To Sons and Daughters

If your parents are dependent upon you and you haven't found a satisfactory solution to the problem, perhaps a John Hancock Annuity is the answer.

For the aged, even a few thousand dollars can provide a surprisingly high yield, which they can be sure of as long as they live.

Where there are several children, individual contributions of members of the family may not be large. Let us send you information.



JOHN HANCOCK INQUIRY BUREAU
197 Clarendon Street, Boston, Mass.

Please send me your booklet, "Money For All Your Tomorrows."

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R. R. STATION MASTER

... Makes Travelers Boosters

Station master of metropolitan terminal handles but briefly thousands of travelers a day. Appointments of his station rest-rooms reflect to all the modern service offered by his road. Installing *Onliwon Towels in Onliwon Cabinets has proved doubly profitable. These soft, pleasant-to-use towels have a national reputation for being the finest of their kind. Made right in size, texture, and absorbency. Folded double—large enough for hands and face, too. Onliwon Cabinets protect towels from dirt, theft, and make a real contribution to sanitation and economy.

Telephone local A. P. W. office or write A. P. W. Paper Co., Albany, N. Y.

*A service for washrooms that dispenses paper towels from cabinets and assures that the user is the only one to touch the towel.



There's Real Saving in Onliwon Towels and Tissue

to wonder why human nature is so much more receptive to fallacy than to fact.

How define "leisure"?

WHAT is leisure? A question as perplexing as the one Pilate fumbled.

"Those who belong to the leisure class," said J. P. Morgan, when testifying before a Senate Committee, "are those who can afford to keep a maid."

Dissent appears in the comment of a newspaper columnist—"the leisured fellow is he who has the leisure to worry most of the night how he is possibly going to do enough work the next day to defray yesterday's expenses."

As for the business community's idea, it has a fellow feeling for his ambition to have enough leisure to think up a good definition of the leisure class.

Time and timepieces

NO obsolescence to the idea that one good turn deserves another. At one of the sessions of the United Mine Workers Convention in Washington, the Southern West Virginia District gave platinum watches to John L. Lewis, president; Philip Murray, vice president, and Thomas Kennedy, secretary-treasurer. Said Mr. Lewis:

If you will stay with this union of ours, and the American labor movement works out its destiny, there won't be any doubt about the mine workers being able to buy platinum watches if they want them. And why shouldn't they?

Musing on that statement, the New York Journal's Arthur Brisbane wondered "how many platinum watches are owned by Messrs. Rockefeller, Morgan, Astor." "None," guessed the New York Herald-Tribune's F. P. A. "The chances are that each one of these gentlemen has one old-fashioned gold watch. Or maybe not even that. They have reached that state of wealth when a few minutes more or less don't matter."

Possibly the watch sellers will come forward and tell us who buys the high grade, precision-built watches. Like as not, it would turn out that the masters of great fortunes are the top observers of punctuality.

Our first free port

FIRST fruit of the Celler "free ports" Act, which emerged from the congressional hopper in the spring of 1934, is the approval of New York's application for a foreign trade zone charter. Approval of the Department of Commerce caps the climax of 40 years' agitation, and opens the way to an arrangement which its sponsors hope will enlarge transshipment business in the United States.

Foreign products may be delivered into the restricted zone without complicated customs formalities and may be there repacked and otherwise remanipulated, or may be reshipped to foreign destinations, or both. However, products passing from the foreign trade zone into the customs area of the United States must pay duty as an imported product.

At a number of foreign ports, including Copenhagen, Hamburg, Bremen, Trieste, Singapore, and Hong Kong, from which steamship lines radiate to other foreign countries, the existence of such an *entrepôt* has attracted cargoes and built up a substantial volume of transshipment trade. It is the hope of the sponsors of the present law that such will be the result in a number of our ports.

New York is not the only port that has its eye on the value of this new instrumentality. The Foreign Trade Zones Board has also received entries from San Francisco, Mobile, and San Juan, P. R.

Legislation authorizing foreign trade zones was recommended by an annual meeting of the Chamber of Commerce of the United States as far back as 1920.

Color for everybody

MEN'S fashions, to hear the merchant tailors tell it, are to be brightened this year with enough color to suggest that hard times are on the way out. Individuality and personality are to be keynotes in the tailors' drive to free men from "drabness, conventionality, regimentation." Forecasting a new era of adornment for the American man of affairs, Raymond G. Twyeffort, New York stylist, explains:

Revolutionary changes in our national habits, as brought about by streamlined trains, airflow motor cars, airconditioning in homes and public buildings, as well as our new philosophy of leisure and gracious living, and our widespread acceptance of color in industry, motion pictures, decoration and commercial art, have brought about significant changes in the creation of interesting and individual custom-tailored fashions for men. A new era of adornment and elegance is at hand. A greater appreciation of the pride of personality and possession, plus emotional and utilitarian appeal, will characterize the important advance style features for fashions for men during the coming year.

Welcome as the chromatic retouching may be, how is the public to know whether a citizen is dressed in his true colors? Easy to picture an animated rainbow keeping time to Mr. Twyeffort's lyrical cadences.

Color is marching on! The renaissance of color in all departments of men's fashions which our associations predicted last year has now become a reality and accepted fact. Color is just as essential to vigorous mentality as a well-



OUTDOORS • AT DAWN • BECAUSE HE WAS AFRAID

● The setting is a Cleveland factory yard, in a murky winter dawn of 1878. A shawl-draped figure bends intently over an open kettle. It is Francis H. Glidden, founder of The Glidden Company.

● Night after night he had worked on a formula for varnish with ingredients so new and so revolutionary that he dared not compound them in his factory laboratory. So he chose an isolated corner of the yard. *And his experiments became a great success.*

A new and far better varnish was created—a varnish destined to become famous throughout the world. From that day, the Glidden reputation was assured.

GLIDDEN
Everywhere on Everything

● Everywhere, the name of Glidden has become synonymous with fine paint, varnish and lacquer products.

● Through constant pioneering and development work—through the introduction of new ideas, new products and new methods—old Mr. Glidden's ambitious dreams of progress and expansion have been more than realized. Glidden activities as a manufacturer and marketer have multiplied. And The Glidden Company, today, is an exceedingly important factor

in the successful operation and development of many of America's most essential industries.

THE GLIDDEN COMPANY
Cleveland, Ohio

The Glidden Company, manufacturing Jap-A-Lac, Speed-Wall, Ripolin, Florenamel, Endurance House Paint, Glidden Spar Varnish, and a complete line of home and industrial paints, varnishes, lacquers, enamels. Also owning and operating the following: Euston Lead Division, manufacturing Euston White Lead. Durkee Famous Foods Division, manufacturing Durkee's Famous Dressing, Dunham's Coconut, Durkee's Margarine, Durkee's Spices, Durkee's Shortening, Durkee's Worcestershire Sauce, etc. Chemical & Pigment Division, manufacturing Lithopones, Cadmium Reds and Yellows, Titanolite, Titanium Dioxide. Metals Refining Division, manufacturing Grid Metal, Mixed Metal, Type Metal, Red Lead, Cuprous Oxide, Copper Powder, Litharge.

The Grocer Gets the CREDIT

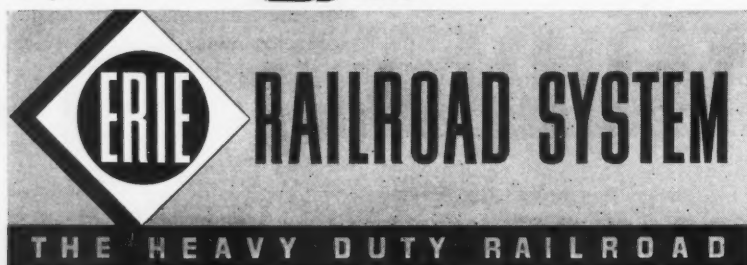
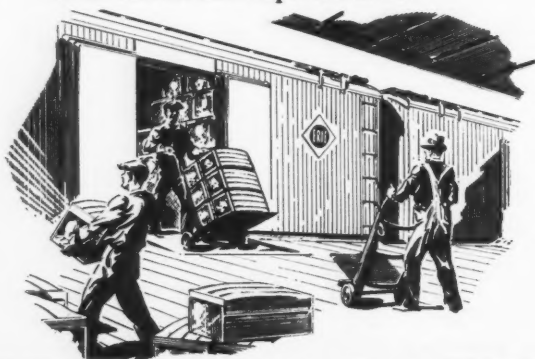


ERIE Shippers get more CASH

● Mrs. Brown gives her grocer credit for the fresh vegetables, the juicy ripe fruits that he delivers daily. But it's speedy Erie freight service that makes possible that "just right" flavor.

That's why the Erie carries more Western fruits and vegetables to New York and New England markets than any other railroad. Fast delivery means better food; better food means higher prices. And although the grocer gets the credit—Erie shippers get more cash.

No matter what you ship, Erie speed will bring you closer to your markets, cut your shipping costs. Call an Erie representative.



balanced diet. Everyone is now marching in the color parade.

No riddle for the tailor to recognize his creature by his cut. Not so simple for other folk. In these highly-colored political times, second sight will be needed to know whether hearts that beat beneath Capri blue, Gulf Stream blue, and midnight blue—to name a few hues—are true blue, or just an old-fashioned red in modernistic clothing.

Machine-made jobs

FAR from the machine creating unemployment, it has added to the number of workers. That's the conclusion reached by the Industrial Conference Board in its recent study, "Machinery Employment and Purchasing Power."

In the period from 1870 to 1930, a period of very great departure from hand work to machine work, the proportion of gainful workers to population moved up from 32.4 per cent to 39.8 per cent. In 1879 there were employed in factories out of every million of our population 49,437. Half a century later, that figure had increased to 72,731. Not much evidence of technological unemployment there! And this has to do only with manufacturing.

In 1870, agriculture employed half the working population; in 1930 less than a fourth. With greater efficiency of machine and man, the rate of increase in factory employment has been slowing up but opportunities for employment in the trade and transportation and the service industries have more than made up the difference.

In the six decades, the employment in trade and transportation went up from ten per cent to 29 per cent of our population. The 13 millions gainfully employed in 1870 were divided:

Manufacturing	21.2 per cent
Agriculture	53.4 " "
Mining, etc.	1.9 " "
Other occupations	23.5 " "

In 1930 they divided the 49 millions:

Manufacturing	28.9 per cent
Agriculture	21.4 " "
Mining, etc.	2.5 " "
Other occupations	47.2 " "

We had in 1930 split half and half between production and service. And we did it with no loss of volume of agricultural production and with a tremendous increase in manufacturing production. The great increase in our working population in those 60 years was in service workers but those gains were not made up in loss of factory or farm workers.

The machine, it seems, has not lessened the number of persons in factories but has increased the output per person, that increased output has

increased wages and made possible a vastly greater consumption, both of goods and of services. We don't end unemployment by scrapping machines but by increasing production.

How depressions end

DO new industries pull us out of depressions? A common question but not easily answered. Railroad building (not a new industry) after the six-year depression of the early '70's, and automobile expansion in the depression of 1920-21 are often cited.

There is not much basis for the belief. Depressions seemingly cure themselves; they heal as the doctors would say "by first intention," a period of overdoing, of overexpansion, is followed by a house-cleaning and then by recovery.

The Industrial Conference Board, in its study of Machinery and Unemployment, has listed these new manufacturing industries which came into being in the 50 years from 1879 to 1929 and the number of men employed in the latter year:

Industry	Average number of Wage Earners, 1929
Electrical machinery, apparatus and supplies	328,722
Motor vehicles, not including motorcycles	226,116
Motor vehicle bodies and parts	221,332
Rubber tires and inner tubes	83,263
Manufacture of gasoline	39,411
Rayon and allied products	39,106
Manufactured ice	32,184
Aluminum manufactures	21,210
Typewriters and parts	16,945
Refrigerators, mechanical	16,883
Cash registers and adding and computing machines	16,840
Oil, cake and meal, cottonseed	15,825
Aircraft and parts	14,710
Phonographs	14,416
Photographic apparatus and materials	12,967
Motion picture apparatus except for projection in theaters	10,784
Asbestos products	8,092
Fountain pens	4,508
Total 18 new industries	1,123,314
Total all manufacturing industries	8,838,743

None of these suggests itself as having taken us out of a depression with the possible exception of the automobile. What these industries did do is not only to add more than a million to factory employment, but other millions of wage earners.

The half million men making automobiles, bodies, parts and tires, are more than matched by the men who sell and repair them, who garage and drive their cars. The automobile industry gives work to 5,000,000 men and women. If a new machine makes automobile production cheaper it may cause momentary unemployment for a few, but it makes permanent employment for many.



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Breaking up Tax Trusts

By EDGAR J. GOODRICH

BY FOUR decisions of its current grist the Supreme Court has strangled another hope of successful tax avoidance—this one by use of trusts—and has issued another volume in its dismal work on "What Not To Do To Escape Federal Taxes." The new text is an expensive edition, too, since the trust plan was widely used and the Court's edict throws back into the stream of taxable income very substantial annual earnings supposedly safe in legal dry dock.

To the taxpayer seeking relief from painful levies, the trust device seemed to present a method of reducing taxable income and at the same time applying the funds involved to his own ends. To many a lawyer the plan looked legalistically perfect—a safe and simple means for saving his client's money—and that view was supported by several decisions of the lower Courts. Consequently, within the past three years the plan sprang into popularity and spread—as avoidance schemes have a habit of doing.

Nor was its use confined to "the wealthy income taxpayers and their high priced lawyers." Lawyers in humble quarters spelled out the plan from the accounts in their tax services and court reports, and recommended it to their clients. And their clients were not the rich, but the comfortably well to do—the garden variety business men who had laid by a moderate sum through years of work and thrift—who felt the pinch of taxation as a hindrance in doing for their families the things they wanted to do. As a result there is scarcely a bank of any size in this country which is not serving as custodian of recently established trusts, the earnings from which will now be taxed to those who established them.

This trust plan bottomed on the well established rule that, if one disposes of property, the subsequent income from it is no longer his and must be taxed, not to the original, but to the new owner. That is so whether the property is given away outright or in trust. The sole requirement is that the grantor's relinquishment of the property be final and complete; he may not retain any vestige of ownership or control in the property nor in the future income from it.

That rule still holds good but this present plan went a step farther than that—and a step too far declares the Court. Under this plan the trusts

provided that the income should be applied for the grantor's benefit—whether directly or indirectly is not material. Perhaps the best explanation of the plan, and of the defect in it, is provided by the facts in the four cases before the Court—*Douglas vs. Willcuts*; *Schweitzer vs. Commissioner*; *Stokes vs. Commissioner*, and *Blumenthal vs. Commissioner*.

Edward B. Douglas of Minneapolis contemplated divorce. Now, alimony payments are not deductible from income of the man who pays them. They are made in discharge of the husband's legal duty to give his wife suitable support. That duty the divorce decree continues even though the marriage is dissolved, and under present tax statutes no credit is allowed to offset this drain on income. Mr. Douglas seized upon the trust plan to effect two ends. First, he assured regular payments to support Mrs. Douglas so long as she lived despite any financial misfortune which might overtake him. Second, he arranged (he thought) that those payments should be made with funds which should never be received by him to become a part of his taxable income.

Whose is the income?

IT WAS simple and it seemed sound. He transferred securities to a bank upon trust to pay the income to Mrs. Douglas at regular intervals. She accepted the trust in lieu of all alimony, statutory interests in her husband's property and claims for maintenance and support. The divorce court, seeing the parties were agreed, approved and ordered the trust as a part of its decree. So, the trust operated in strict compliance with its terms, and everyone was perfectly satisfied *except* the Commissioner of Internal Revenue.

The Commissioner complained because Mr. Douglas omitted from his taxable income the earnings of the trust property. He demanded his tax. To that Mr. Douglas replied in effect: "That is not my income— It comes from property which doesn't belong to me. The property belongs to the trust. The income must belong to the trust also, or else to Mrs. Douglas since she receives it. At any rate I don't get it. I have no right to it, and I can't be taxed on it."

The dispute grew into a first class law suit. The trial court agreed with



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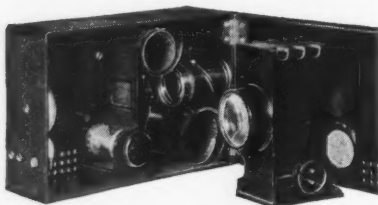
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Douglas' argument. The Appellate Court reversed that decision and the Supreme Court undertook review of the case because it conflicted with the decision of the Circuit Court of Appeals for the Seventh Circuit in the Schweitzer case.

Stripped of minor differences the Schweitzer case involved exactly the same issue as the Douglas case. So did the Stokes case whose facts were close kin to the Schweitzer case.

Edmond O. Schweitzer of Illinois and Francis J. Stokes of Pennsylvania got to thinking about the future for their children. Evidently each decided it would be a good thing to set aside property in trust for the youngsters, and do it right now while they had the property to set aside. Then, no matter what business adversity should overtake them, the children would be provided for.

Moreover, the cost of supporting, maintaining and educating children is considerable and that no matter how well a father does that job he gets no credit for it on his taxes. A father is under legal duty to take care of his minor children, and for tax purposes children are worth just \$400 each, as credits against income.

For the support of children

SO Stokes and Schweitzer each established a valid trust, made a complete transfer of property to it, and directed the income from the trust be applied "for the support, maintenance and education" of their minor children. The trusts were properly administered, the children were cared for, each grantor saved some tax money and everybody was happy *except* the Commissioner of Internal Revenue. Again he demanded tax and again his demand started a fight.

Both Stokes and Schweitzer took their cases to the United States Board of Tax Appeals. The Board decided in favor of Stokes. Later it decided against Schweitzer. That was a fine mess and hotly discussed by the brethren of the bar. The Court of Appeals for the Seventh Circuit reversed the Board's Schweitzer decision. The Court of Appeals for the Third Circuit affirmed the Board's Stokes decision and applauded the wisdom of the Seventh Circuit Court. The Supreme Court invited both cases in along with the Douglas case.

It issued a pass to the Blumenthal case too—the last case of the group. That involved a legal horse of the same breed, though at first glance its skin appeared to be a different color.

Lucy A. Blumenthal of New York owed a substantial debt. Also, she owned a substantial block of stock which paid good dividends. With the income from her stock she was pay-

ing up her debt. But she had to pay tax on receipt of the income and she got no tax credit for paying her debt. Consequently the trust plan looked like the perfect answer for her. She transferred the stock to a bank upon trust to apply the dividends against the debt. That insured payment of her debt and, she thought, kept out of her own income, with a saving in taxes, the returns upon the stock.

The Commissioner (always a persistent fellow) raised his familiar complaint and demanded his tax. The Board of Tax Appeals decided he should have it. The Circuit Court of Appeals for the Second Circuit disagreed, and the case went up for final adjudication.

The Supreme Court held every one of these trust grantors to be liable for tax upon the respective trust income *because* each profited from it.

Each was legally bound to make the payments the trusts undertook to make. Consequently, when the trusts made those payments each grantor was relieved from the burden of his legal obligation. That was a benefit to him—and a benefit which could be put into his income and taxed.

In other words, despite the complete transfer of property to a trust, despite the fact the trust income is never paid to the grantor and cannot be claimed by him, the taxing officials and the Courts must now look through the legal form, however perfect, to the substance of every trust. If the trust income is applied for the benefit of the grantor to payment of obligations which he is legally bound to meet, the grantor must pay the tax on that income.

There's been a deal of consternation since this ruling came down. Seldom have more inquiries poured into Washington, seldom has more discussion arisen over a tax case. The Treasury has issued no estimate of the tax deficiencies it will garner as a result of these decisions, but the sum is tremendous. Incidentally two large trusts providing income for support of children and maintenance of the home were thrown out by decisions published within a few days after the Supreme Court spoke. One had been created by Louis W. Hill of the railroad family: the other by G. Washington, the coffee man. Did you establish a trust to take care of a certain job you had to do—buy your house, pay your debts, carry your insurance, educate your children, separately maintain your wife, or discharge one of the dozens of duties the law lays on you? If you did, you're in for trouble. Better start digging up all the tax money you thought you'd saved—with interest. And if you're looking for tax loopholes, this trust plan doesn't work.

Taxes Menace Economic Security

By E. S. DUFFIELD

AN examination of the proposal to tax corporation surpluses with particular emphasis on the results such a tax may have, not only on industrial efficiency but upon the pocketbooks of people who may feel that they escape payment of this levy

THE tax collector is again knocking at the door of his favorite scapegoat, "corporate wealth." Year by year the tax collector has dug deeper and deeper into the pocketbook of corporations and has taken out a proportionately larger share of what corporations have managed to earn.

This year the tax collector, acting on behalf of the federal Government, turns up with a new plan to dig still deeper. Basically the plan is President Roosevelt's proposed tax on undistributed corporation earnings which would replace the old corporation income, excess profits, and capital stock taxes. If the official estimates are correct, the new tax means an increased load this year of \$620,000,000 on corporation earnings—part of this sum to be an additional tax on the earnings placed to surplus and part on the earnings when received as dividends by shareholders.

New taxes are common

IF THE President's proposal were unique, it might not be disturbing. But, as every one knows, a proposal to increase taxes is anything but unique. Raising taxes has become an annual affair in Congress and in most local and state legislative bodies. What America is actually experiencing is a rapid and steady rise in the total burden of taxation, particularly taxation of "corporate wealth."

A graph plotted to show the recent trends in corporation gross earnings, net profits, and taxes would show a slow recovery of gross since 1932, a somewhat sharper gain in net, but a still sharper gain in taxes paid by corporations. These lines would be merely a statistical way of saying that the tax collectors, national and local, are taking more and more of the wealth which capital and labor produce.

Although the difficulty of collecting up to date data representative of the entire corporate structure prevents, as yet, a thorough demonstration of the fact, there is good reason to believe that Government is now diverting profits to taxation faster than the profits themselves increase. Observation and available evidence indicate that there is real danger that the Government is devouring its patrimony.

Treasury Department reports, compiled from the income tax returns of those corporations showing net income, reveal that the ratio of taxes to earnings rose steadily during the depression. Whereas taxes amounted to 27.1 per cent of the income realized by profitable corporations in 1929, it had risen to 48 per cent by 1933, the last year for which the statistics are available. The ascent was steady and unbroken from 27.1 per cent in 1929 to 36.5 per cent in 1930, 37.5 per cent in 1931, 43.8 per cent in 1932, and 48 per cent in 1933.

Recovery of corporation earnings since 1933 might have been expected to check or reverse this tendency of the tax ratio to rise. Reports from individual corporations show that this has not been true and that the slice which taxes have cut out of corporation earnings has gone on growing.

The Edison Electric Institute, reporting on the earnings and the taxes of electric utilities, figures that there has been an increase of more than 60 per cent in taxes between 1927 and 1934 compared with an increase of only ten per cent in gross earnings. During 1934, the Institute estimates, gross earnings rose from about seven per cent above the 1927 level to ten per cent. During this same year taxes paid rose from slightly more than 40 per cent above the 1927 level to more than 60 per cent.

In 1902, when the gross operating

revenue of the electric utilities aggregated \$77,131,954, the taxes it paid amounted to \$2,654,885, or 3.44 per cent of the gross. Since that date the rise in both gross and taxes has been unbroken, but the increase in taxes has been much faster. By 1934 the gross earnings had mounted to \$1,740,000,000, but the taxes had climbed to \$245,000,000, or 14.1 per cent of the earnings. Between 1933 and 1934 the percentage of taxes to earnings advanced from 12.7 per cent to 14.1 per cent.

In 1935, according to estimates of the *Annalist*, taxes on operating utilities took no greater percentage of total revenue than in 1934, but they continued to rise in terms of absolute figures. The estimates place taxes in 1935 and 1934 at 12.7 per cent of operating revenue against 11.8 per cent in 1933. In terms of cash, the 1935 taxes were estimated at \$280,300,000 compared with \$269,350,000 in 1934 and \$240,230,000 in 1933.

Taxes grow faster

THE *Annalist* estimates the increase in taxes on utility operating companies between 1934 and 1935 at 4.1 per cent. The rate of increase in taxes just about equalled the rise in total operating revenues during 1935, indicating that the improvement in revenues was about catching up to the increase in taxation piled on in the previous year.

Now, however, the proposed undistributed earnings tax, which is intended to boost by \$620,000,000 annually the taxes paid by corporations and their stockholders, will once more push the tax charges ahead at a more rapid rate than that achieved by operating revenues.

In the utility field, therefore, the demands of the tax collector have increased much faster than the ability of the industry to earn money. The question which this fact poses is whether this increase can go on without destroying the system on which it feeds. The making of profits is what keeps business men in business. The accumulation of surplus is merely the accumulation of wealth out of which the future improvement of industry and of the general stand-



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More and bigger taxes

REPORTS from scattered industrial corporations show that the experience of the utility industry has not been unique. The percentage of taxation to either net or gross earnings has continued to mount as the corporations have managed to pull themselves out of the red.

"We used to think of the 'parties at interest' in an industry's success as employees, management, and stockholders," the Standard Oil Company (N. J.) remarks in its house organ. "A fourth partner has been crowding these three over, demanding an ever increasing participation. He is the tax collector."

The Standard Oil Company (N. J.) paid \$37,365,000 in corporation income and property taxes during 1934 and collected \$39,674,000 in consumers' sales taxes. This total tax bill of \$77,000,000 was equivalent to \$2.97 per share of stock and to \$1,540 per company employee.

The Atlantic Refining company reports show that in 1933, when it had a net profit after taxes of \$6,556,377, it paid taxes amounting to \$3,102,324. In 1935, when the net after taxes was \$3,970,598, the taxes amounted to \$3,882,930. In other words, in 1933 the taxes amounted to less than half of the company's net. By 1935 the taxes were almost as large as the net.

Earning net profits throughout the depression, the McKeesport Tin Plate company had to set aside 18 per cent of the net for taxes in 1932 and 21 per cent in 1935. The Continental Can company set aside for taxes in 1932 an amount equal to 17 per cent of its net; by 1935 the percentage had risen to 20 per cent. Among the machinery manufacturers, the Caterpillar Tractor company's taxes amounted to eight per cent of the net in 1933 and to 18 per cent in 1935.

The examples can be multiplied ten-fold. Parke, Davis and Company, chemicals, had a tax load equal to 16 per cent of its net in 1932 and to 19 per cent in 1935. The Hercules Powder Company taxes amounted to 11 per cent of net in 1932 against 19 per cent in 1935. The Congoleum-Nairn, Inc., taxes amounted to eight per cent of net in 1933 compared with 16 per cent in 1935. The Celanese Corporation of America tax bill was eight per cent of net in 1932 and 14 per cent in 1935.

These individual examples, in the absence of any comprehensive figures, point to the drift. They are

straws showing the direction of the prevailing winds. The drive to tax "corporate wealth" is making headway. The question is whether it isn't going ahead so fast that it will trip itself up.

The President's proposed tax on corporate undistributed earnings, which in practice would become an added levy on corporation earnings, will aggravate the tendency toward piling up taxes on corporations. As contrasted with the processing taxes, which it is supposed to replace, the new proposal is a prime example of the drift toward concentration of taxes. Whereas the processing tax was in part a consumers' tax which could be spread over millions of people, the levy which is to replace it will be concentrated on the corporations which make a profit and on their stockholders.

In part, this concentration is nothing more than a working out of the political axiom that broad, inclusive taxes are politically undesirable. The fewer the people taxed, the fewer are stirred up to protest. This axiom is as dangerous in a democracy as it is true. If fewer and fewer people feel the load of government spending, fewer and fewer will protest against the mounting cost of Government. At the same time, the concentration of taxes on business increases the dead weight which the wealth-producing machinery of the country must carry.

The effect of taxation on net earnings has been frequently stressed. The argument can be carried one step further, however, and be made to apply more specifically to the proposed new tax on undistributed earnings. As taxes mount, corporations can put less money aside in surplus and reserves, especially if the taxes are designed to discourage such allocations.


The current theory is that such corporate accumulations are evil. As a matter of fact, they are the "cushion" upon which corporations rely in depressions and the source upon which they draw to finance improvements and expansion. Both of these functions are socially very desirable, even, at times, from the point of view of the Government itself.

For instance, those corporations which were best equipped to cooperate with the NRA drive for higher wages in times of depression were those who had reserves and surpluses from which they could draw the increased wage costs. Pay rolls were maintained out of reserves by corporations even without the spur of NRA. Between 1929 and 1933, corporations drew down their capital funds by \$9,353,000,000.

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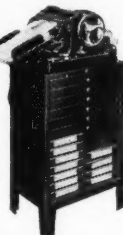
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be as bad as the effect on the business structure itself if corporations are not permitted to accumulate surpluses. Relief rolls probably would have been longer and more costly by some billions of dollars if corporations had not had their surpluses into which they dipped for wages and salaries when the money was not forthcoming from current operations.

In addition, the distribution of unearned dividends during the depression totalled billions of dollars. While the official figures show that manufacturing corporations distributed more than \$9,000,000,000 in dividends out of surplus between 1930 and 1933, the National Bureau of Economic Research places the figure for all corporations at \$14,500,000,000. During the years of these dividend payments, corporations as a group operated at an aggregate net deficit of \$9,970,000,000.

Surtax is paid on dividends

A LARGE part of these dividends went to individuals whose incomes were large enough to require them to pay surtaxes on their dividends. Seventy-five per cent of the dividends shown on individual income tax returns for 1934 were within the surtax brackets. In other words, the unearned dividends distributed by corporations out of their surplus were contributing revenue to the Government at a time when revenue was sorely needed. They supplied an element of stability in a revenue system which would have been made more vulnerable to depression by the proposed new tax. No taxable dividends will be paid out of surplus in the next depression if the new tax achieves its objective.

Reserves are also drawn upon by corporations to finance improvement or expansion of their own plants. The increased efficiency or productivity resulting from such changes benefits the stockholder through increased earnings and the consumer through lower costs. Reserves are not a stagnant pool of cash. They are the source of reproductive wealth. To the extent that they are taken away from corporations by taxation, the power of corporations to improve themselves and the general wealth-producing machinery of the country is diminished.

Because these facts do not immediately strike at the pocketbooks of numerous people, they are not a deterrent to the tax collector in his ever widening drive to raise Government revenues. Sooner or later, however, the additional dollars extracted for taxes will come home to roost along with the ghost of lost industrial efficiency.



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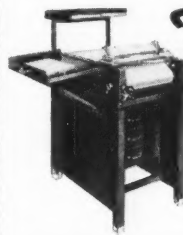
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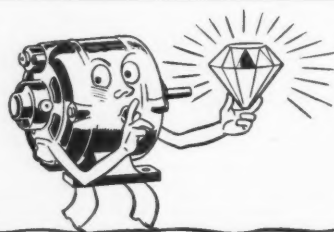
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Portrait of a Pioneer

(Continued from page 40)

"Wait a minute," the Colonel said, "I've got to go down-town. I'll take you to the station in my car."

On the ride negotiations were begun which gave concrete a foothold in New Jersey.

Obviously this is not a primer of salesmanship. It is merely the story of a man who had a job to do and let nothing stand in the way of doing it. It does not necessarily prove anything but, even so, it is difficult to escape the observation that this country was pretty well built up in the years when these events took place. The Indians were safe on their reservations, the railroads were running, and the nooks and crannies of the continent had been explored.

Probably for 20 years people had been bemoaning the passing of the day of the pioneer.

And yet George Bartlett was opening up a new field which would put thousands of men to work and make life and trade more comfortable and convenient for millions. And he was doing the job by methods that he had to devise as he went along. At least once his methods didn't work.

That was when a controversy developed over patents on cement kilns, one type of which had been developed by Thomas A. Edison. A meeting was held at the inventor's home.

"Edison was very hard of hearing and I don't think he really understood what the meeting was for," Mr. Bartlett says. "He called in Mrs. Edison and he'd ask her now and then what was said. Finally he said to his wife:

"How much money do they want to pay? What's the price?"

"She replied that we were talking about the Hurry and Seaman patent.

"Oh," Edison said, "I thought they wanted to buy my mill. Gentlemen, it's my bed time. I bid you good night."

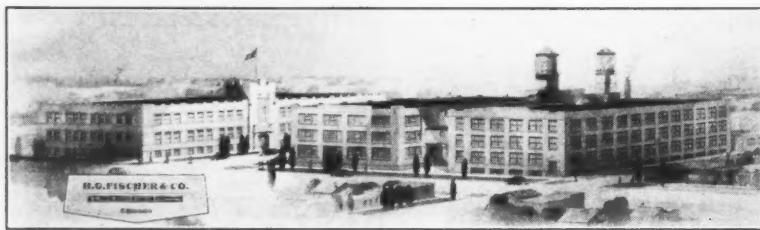
"And that was the end of that meeting."

It may be added in closing that going to bed as a means of ending a conference would never have occurred to George Bartlett.

"How old did you say you thought I was?" he asked a Milwaukee reporter recently. "Fifty-five, eh? Well, have a drink on that. I'll be 78 in April. Why I just came back from Miami where I sat up all night, drank liquor and raised hell."

Copybooks offer a rather different prescription for getting ahead but then George Bartlett hasn't spent all his life that way. He spent a lot of it learning about concrete, about people and about human nature.

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To Simplify Foreign Trade



UNIFORMITY in ocean bills of lading for use in the foreign trade is expected soon through legislation in the present session of Congress.¹

The complexity and diversity of existing ocean bills of lading have made it almost impossible for the average businessman to know what their numerous terms and conditions signify.

To analyze an ordinary bill of lading used in the foreign trade would take hours of study and even then its terms would be found so complicated by qualifying and legal-sounding phrases that the average shipper would give up in bewilderment. Even courts and judges differ as to the meaning of various provisos and the exceptions are frequently such as to reduce the carrier's liability almost to the vanishing point.

Even so, the problem would not be so difficult if there was only one standard document to deal with, but such is not the case. There are as many forms as there are steamship companies and each company may change its terms at will.

With this uncertainty as to the liability accepted by the carrier, the shipper makes an effort to insure his goods against contingencies. The cargo underwriter issues this insurance, often giving the shipper blanket coverage for risks not covered by the carrier's liability. The banker discounts the bill of lading for cash, but first must be convinced that all the shipper's risks are properly insured.

Much effort is wasted

WITH no uniform division of risks and responsibilities, rights and immunities, between the shipper and the carrier, each of the interested parties—shipper, cargo underwriter and banker—must familiarize himself with all of the terms and conditions of every bill of lading passing through his hands. With the export trade of

the United States totalling five and one quarter billions of dollars in 1929, and approximately \$3,000,000,000 even under the depressed conditions of last year, the number of transactions involved and the enormous amount of effort wasted annually in studying the fine print on the back of the ordinary ocean bill of lading are obvious.

A somewhat similar situation faced shippers in the domestic trade of the United States before 1908. In that year the Interstate Commerce Commission approved the terms and conditions of the uniform domestic railroad bill of lading which has proved invaluable to shippers, carriers, bankers and insurers of shipments by rail.

In international trade, where the parties to a transaction may include citizens of five different nations with five different languages, the situation is even more complex. At least two nationalities are always involved in foreign trade transactions—the American shipper and his foreign customer, say, a German. In addition, the vessel may be Norwegian, the underwriter English and the discounting bank in Amsterdam. Each must know the terms and conditions of the bill of lading he accepts to ascertain his rights and liabilities.

An international bill of lading with uniform terms, the meaning of which would be determined once and for all, will avoid frequent misunderstandings, litigation and ill will between the American shipper and his foreign customer. Considerable effort attached to doing business in foreign trade will be saved. Anything to facilitate such transactions should increase trade and be most acceptable, particularly at present.

Shortly after the World War, practical steps to these ends were initiated. The International Law Association had for some time been considering the subject. In 1921, the London Congress of the International Chamber of Commerce brought to bear the world-wide support of business organizations in favor of uniformity in ocean bills of lading and undertook to harmonize conflicting



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¹Since this article was written, the House Committee on Merchant Marine and Fisheries has reported the bill to the House in the form it was passed by the Senate.

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views about provisions which bills of lading should cover. One of the American delegates to the London Congress, Charles S. Haight of New York, was appointed Chairman of an International Chamber Bills of Lading Committee. Mr. Haight had led the movement in the United States which resulted in adoption of the Pomerene Bills of Lading Act in 1916, doing away with loopholes in the uniform domestic bill of lading which had allowed great abuses. The consistent and effective work of the International Chamber's Committee, acting with the cooperation of business organizations in the maritime countries, is largely responsible for the progress made in the intervening years.

As suggested by the London Congress of the International Chamber, the International Law Association, at a Conference in The Hague in 1921, worked out a set of rules, commonly known as the Hague Rules, to establish internationally the rights and liabilities of shippers and ocean carriers. Many international organizations approved and recommended universal adoption of these Rules.

In 1922 an international diplomatic conference on ocean bills of lading was held in Brussels and representatives of the 24 principal maritime nations of the world agreed upon and signed a convention incorporating the Hague Rules. The Rules, and the Brussels Convention, were based mainly on American law. The chairman of the drafting committee at Brussels was the late Judge Charles M. Hough, a leading American admiralty lawyer and Judge of U. S. Circuit Court of Appeals at New York.

Hague Rules have proved good

THESE Rules have since been put into effect in a number of countries through legislation, or by ratification of the Convention, and a number of others are known to be awaiting action of the United States as one of the foremost proponents of the Rules. In England, where the Convention was ratified and legislation enacted in the form of the Carriage of Goods by Sea Act, 1924, the Rules have proved their usefulness in a practical way, litigation having been reduced to a point of comparative unimportance.

When adoption of the Rules was proposed in the United States, objection to the wording of certain provisions developed, chiefly on the part of important groups of shippers. In an effort to reconcile the differences of view, the Chamber of Commerce of the United States, in November, 1930, called a Conference on Uniform Ocean Bills of Lading, including all interested parties.

The Conference was attended by representatives of the principal associations of shippers, bankers, underwriters and shipowners as well as leading firms engaged in export or import trade. The controversial provisions were discussed and, at the end of the Conference, it was unanimously voted to recommend adoption of the Rules, by legislation, with certain agreed upon amendments.

Until the last session of Congress the proposed legislation was pushed aside by emergency matters. However, on April 1, 1935, the Senate ratified the Brussels Convention and shortly thereafter the Senate Committee on Commerce called hearings on the White bill, to give effect to the Convention. Representatives of the Conference on Uniform Ocean Bills of Lading united in testifying favorably to passage of the measure with the amendments agreed upon in 1930. The bill, with those amendments, passed the Senate but did not reach the House of Representatives until a few days before adjournment. On January 28, 1936, the House Committee on Merchant Marine and Fisheries held hearings on the bill and again representatives of the Conference urged its adoption.

When the legislation has been passed, it is expected that the notice of ratification of the Convention by the United States will be deposited at Brussels, thus making it effective on behalf of the United States, subject to the provisions of the legislation. Bills of lading in our coastwise and intercoastal trade may be brought under the law by voluntary agreement between shippers and carriers.

The principal benefits that will accrue as a result of this legislation may be summarized as follows:

Simplification and standardization of the most important terms of ocean bills of lading.

Relief of the shipper from the usual requirement of filing notice of loss or damage as a condition to bringing suit to recover.

Establishment of one year as the time within which suit may be brought to recover damages, three to six months now being frequently specified in bills of lading.

Fixing of \$500 per package or customary freight unit as the figure below which the carrier may not limit his liability for loss or damage in place of the limit of \$100 or less now customarily used in bills of lading.

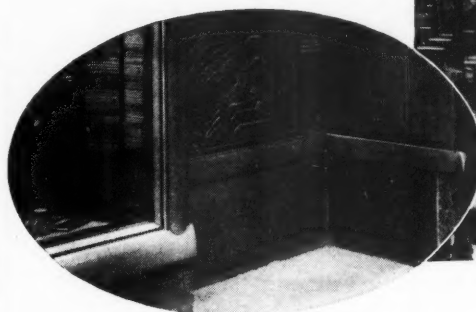
Making a departure from the contract voyage *prima facie* unreasonable if for the purpose of loading or unloading passengers or cargo.

Placing the burden of proof upon the shipowner to show that loss or damage from such causes as rust, pilferage, etc., was not due to his or his agent's fault.

Holding the carrier liable for loss or damage due to unseaworthiness only when such loss or damage results from want of due diligence to make the ship seaworthy.

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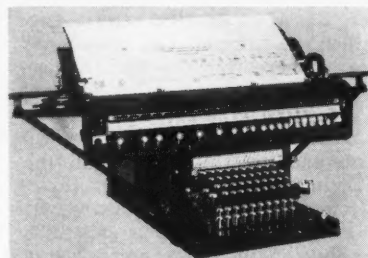
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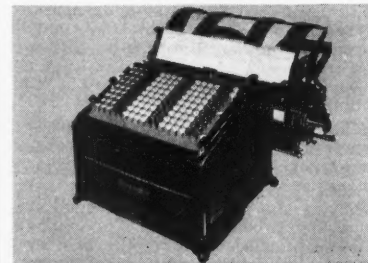
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Taxes Worry Mrs. Jones

By FRANK W. BRYCE

MRS. JONES is beginning to be worried about her tax bill. There's no such person as Mrs. Jones for she's just been invented—and invented in this way. If we divide the United States into neat little families of four, Father and Mother and Mary and John, we should have some 31,600,000 of them.

The total income produced in the United States for 1934, the last year for which federal figures are available, was \$48,600,000,000. If we divided that income produced among our families of four, each would get a little more than \$1,500, not very much at best, if you think of it in terms of food and shelter and clothing and doctors' and dentists' bills.

Taxes become a luxury

BUT Mrs. Jones, who is really the Director of the Budget for our family of four, is learning that taxes come near the top of her cost of living; that government—federal, state and local—is one of the most expensive things she has to buy.

She has learned that in 1934, the expenditures for government were about \$16,800,000,000. That would mean for each of these families about \$10 a week, a sizable chunk of the income. However, it is not quite as bad as it looks on paper. For one thing, expenditures for government do not necessarily foot up the same as taxes. Much money is borrowed, some comes from fees, licenses, rents, sales by publicly owned utilities and from other sources.

But borrowings are only a postponement of an evil day. Budgets that can only be balanced by borrowings inevitably lead the way to higher taxation (or some form of repudiation).

Mrs. Jones, looking further into the cost of government and her family affairs, finds that taxation in 1934 was about \$9,300,000,000, which would mean that her family's part of the bill, if income and taxes were divided equally, would be about \$5.65 a week, or nearly 20 per cent of income. In other words, of every dollar which Mr. Jones brings home in his unopened pay envelope on Saturday night, Mrs. Jones must set aside 20 cents for taxes if she is to bear her share of the national burden. She has read and heard about inflation, depreciated currency, baloney dollars and 59 cent dollars, now she has dis-

covered that hers is an 80 cent dollar.

Think of it in comparison with rent: A family of four that could find acceptable living quarters for \$30 a month would be lucky, yet that family's share of the national tax bill is nearly \$25 a month.

Of course, Mrs. Jones isn't called to the door every Monday morning and handed a bill for her week's taxes in a lump sum. Most of her taxes are invisible. Perhaps it would be better if she did pay all at once. A tax reform might come sooner.

But Mrs. Jones has some visible taxes. Even if she pays no income taxes, she recognizes the activities of the federal Government in more ways than one. She knows that every package of 20 cigarettes that the family consumes means a payment of six cents to the federal Government. She figures that her family uses a package a day and, multiplying 365 by six, she finds that the tax bill for cigarettes alone is \$21.90 a year. And when she looks at the figures this thought runs through her mind:

"If the Government would stop some of this spending we see going on around us, it might take the tax off cigarettes. And could I use \$21.90? And it's no use telling me that if our folks would only give up smoking, we wouldn't have to pay the tax, because I'm perfectly sure the Government would find something else to tax, maybe tea or coffee or sugar." (Mrs. Jones hasn't learned that she pays a tax of about a cent a pound on sugar.)

Many tax collectors

BUT there are other visible taxes for the Joneses. If they have acquired a car, every gallon of gasoline pays a tax of from three to twelve cents, of which one cent goes to her Uncle in Washington who also takes a cent for every quart of oil.

Mrs. Jones has learned also she pays a five per cent tax to the federal Government on toothpastes and mouth washes and lipsticks and other toilet articles. She can't see those taxes as she can the tax on cigarettes but she knows they're in the price she pays.

Our Joneses haven't managed yet to make a down payment on a home, but Mrs. Jones isn't such a fool as to believe that she escapes any share of the real estate tax which cities and



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Harper Sibley
PRESIDENT

Chamber of Commerce of the United States

WASHINGTON • D C
March 30 • 1936

states collect. She knows that, when she hands over \$30 a month to her landlord, he in turn hands over a part of it to government for his real estate taxes. Not easy to figure how big that part is. Many estimates have been made. One of the most carefully worked out was by the Merchants' Association of New York some years ago. They concluded that, out of Mrs. Jones' rent, about one-sixth went for taxes. Her landlord got the rent for ten months of the year out of which to pay his expenses and his profit and government took the rest. In some communities the tax part of rent may be even higher.

Hidden in every purchase

BUT Mrs. Jones' share of real estate taxes doesn't necessarily end when she pays her rent. She knows that when she goes to the butcher and buys hamburger steak and to the grocer for onions to cook with it, a part of the money she pays them goes into their rent. Estimates of the amount vary from one-quarter of a cent to a cent—it's pretty fine-spun figuring. But if Mrs. Jones' dollar has to be divided by the butcher with the tax collector, so must that part which the butcher hands over to the packer be shared. Taxes go all the way from the farthest producer to the ultimate consumer.

Mrs. Jones had other taxes to reckon with in that year 1934 of which we were talking. They were taxes to help the farmer. The Government had decided to add to the farmer's income by paying him to keep down production. It was all very strange and puzzling to Mrs. Jones. She was willing to be sorry for the farmer, assuming that all that was said about him was true. At times she was inclined to be sorry for herself and to wish that she might have raised the Jones' children on a farm where fresh vegetables and milk might have been easier to get.

But she did think something was wrong with the farmer when food prices went down in the early '30's. Why, loin of pork was 12 and even ten cents and she'd never seen it so cheap before!

Then food prices went up and she began to learn about processing taxes and to discover that if the farmer was to be aided, her family must pay. Secretary Wallace admitted that the processing taxes were in consumers' prices and Mrs. Jones might have found these figures in an official publication:

The wheat tax of 30 cents a bushel represents about three-fourths of a cent a pound on flour which sells in city stores for about five cents, or about one-half on a pound loaf of bread, costing the consumer an average of 8.9 cents on

Aug. 14, 1934. The cotton tax of 4.2 cents a pound represents about eight cents in a pair of overalls costing \$1.60; less than eight cents on a sheet costing \$1.30; about 3.5 cents on work shirts costing 90 cents; or about 1.1 cents on a yard of unbleached muslin selling for 14 cents. The big tax of \$2.25 represents about 4.5 cents on a pound of retail pork cuts. The Bureau of Labor Statistics reported that on August 14, 1934, sliced ham cost consumers an average of 39.6 cents a pound; picnics 15.6 cents; loin roast 20.6 cents; sliced bacon 29.8 cents and lard 11.3 cents.

All of this means something to Mrs. Jones' food bills.

Processing taxes are off now but Mrs. Jones hears ominous rumors of new taxes, excise taxes to help the farmer, and she wonders what her food bills will be like in another year. Then she's heard of broadening the base of the income tax because the bonus must be paid, and she wonders if it will be broadened enough to include her. And how can she meet it? Of course, if John got a raise—

You can't tell Mrs. Jones much about the difficulties of balancing budgets. She's been balancing them for years.

She knows, too, that when you run into debt, you run into trouble. She reads about the mounting billions of federal debt and wonders if it is

necessary. Billions are too big to grasp but when she learns that the federal Government is spending \$2 for every dollar it takes in, she knows that something is wrong. And she wonders how she and her brood will be affected. And more taxes to come! She knows the Government takes a nickel for every 50-cent admission to the movies. She and her family don't go to 50-cent theatres. They wait until their favorite comes to the place around the corner but she thinks:

"Suppose the Government taxed the 25-cent admission a nickel. Why we just couldn't go."

As she runs over these questions, her mind goes back to '32 when John's salary was slashed. What did they do? Stopped spending, hard as it was. Less butter, less beefsteak, more of cheaper things. She patched John's shirts and he wore his old overcoat not one winter, but two winters, more than any self-respecting overcoat ought to be worn.

"Why," she asks herself, "can't Government cut spending and free people a little from taxes? Then John and I would spend a little more for food, clothing and other necessities and everybody would be better off." Why not?

BELLRINGERS



Capital's Share

INVESTORS in American enterprises were paid in 1935 \$10,127,500,000 in dividends and interest, according to the United Press. Repayment of principal and called corporate bonds added \$2,295,138,270 more.

The grand total included:
\$2,800,000,000 in interest payments on the public debt.
\$2,700,000,000 in stock dividends.

\$1,937,000,000 in returns on the corporate debt of railroads, utilities, industrials, and miscellaneous items.

\$1,350,000,000 from mortgages on urban and farm property.

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\$340,000,000 from savings banks funds.

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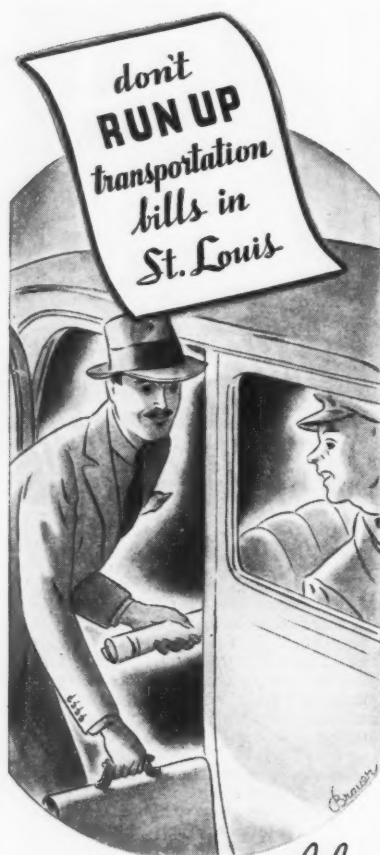
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Name.....

Address.....

City.....State.....



YOU CAN *walk*
to almost any part of downtown St. Louis from

HOTEL **Lennox**

Guests of Hotel Lennox seem to get a "missionary urge" once they sojourn here. They go about converting all their friends to this, their favorite hotel. When they get lyrical about the many conveniences here, we hope they don't forget to mention the convenience of a location in the heart of downtown St. Louis.

1 MINUTE FROM...

<i>Department Stores:</i>	<i>Theatre District:</i>
Famous-Barr Co.	Ambassador
Stix-Baer-Fuller	Orpheum
Scruggs-Vandervoort	Loew's State
and Barney	

<i>Shopping District</i>	<i>Office Buildings</i>
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2 TO 5 MINUTES FROM...

<i>Wholesale District:</i>	<i>Union Station</i>
Butler Bros.	Mart Building
Rice-Stix	Municipal Buildings
Ely-Walker	Mississippi Bridges
Principal shoe, clothing,	Merchants' Exchange
ready-to-wear, millinery,	Fruit and Produce
factories and offices	Distributors

RATES...

\$2.50 to \$6.00 Single - \$4.00 to \$7.00 Double
Over 50% of the Rooms Rent for \$3.50 or Less

HOTEL
Lennox Ninth and
Washington

Within 1 Block of Hotel Mayfair—under same management

SAINT LOUIS, MO.

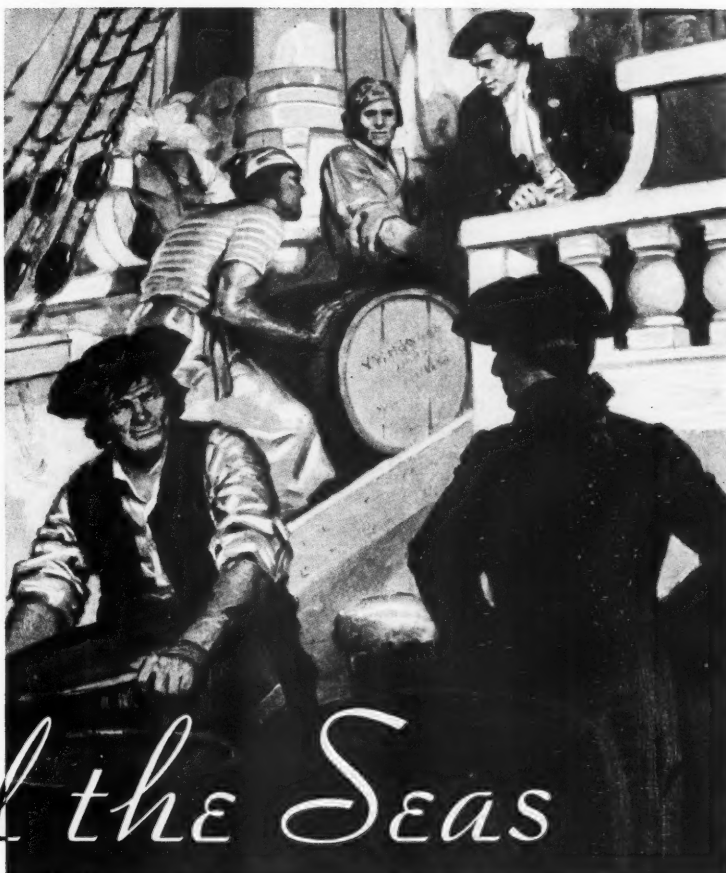
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When PICKLED BEEF

Sailed the Seas



WHEN George Washington was a boy, Yankee sailing vessels, plying between New England and the West Indies, opened the first export markets for America's surplus meats.

It was a thrilling sight to American colonists when the first cargo of pickled beef and other meats sailed southward, bound for the far-off West Indies. Many on shore shook their heads, and doubted if any good could come of the venture.

Imagine the colonists' excitement when, weeks later, the vessel which many had given up as lost hove in sight, and finally slipped to anchor. A few hours later, dozens of bronzed, red-shirted seamen rolled cask after cask of molasses, sugar and rum to the ground, where all could see and feel them.

The above picture, "Shipping Pickled Beef to the West Indies," is taken from the Swift & Company 1935 Year Book. It is one of four illustrations in color which contrast methods of handling meats in olden days with those in use today. All are suitable for framing.

Articles of vital interest to meat users and livestock producers include "Livestock and Meat Prices," "Peculiarities of the Meat Industry," "How Purchasing Power Is Created," "The Taxation of Corporations," and "The Produce Business Must Be Flexible."

The book may be had — free. Write for your copy today. The coupon below, or a postcard, will do.

Swift & Company

Swift & Company, 4153 Packers Avenue, Chicago, Illinois

Please send me, without charge, a copy of the 1935 Year Book.

Name _____

Address _____

City _____ State _____





"It's all Greek to Me"

Advertising must translate technical talk
into plain every-day language

Advertisers should remember this maxim—You can't "get technical" with the average man on the street.

Mr. and Mrs. Jones may *admire* machinery, but they are likely to be bored by *explanations* of it.

They'll gaze in awed rapture at a giant locomotive, a turbo-generator, or the engine of a great ocean liner.

But try to tell them how the mechanism works, and they'll probably begin to yawn. They're simply not interested. Science and mechanics and mathematics are just so much Greek to Mr. and Mrs. Jones.

All of which presents a stubborn problem to the advertiser. For many "family products" are chiefly technical—radios, automobiles, heating systems, etc. And their mechanical features are of the greatest importance to prospective buyers.

Imagination versus Explanation

True salesmanship-in-print solves this problem, not by involved explanations, but by a swift appeal to the imagination. It presents a *dramatic clue* to the essential nature of the mechanism—thereby arresting interest and arousing desire. For example:

When our client, RCA Victor, introduced a radio set of improved design and technical excellence, they did not go into long explanations of frequency conversion, image elimination, and other radio profundities. They simply named it the "Magic Brain."

That phrase gripped the imagination as no technical explanation could have done. It brought the vision of

a miraculous instrument, almost human in its power. It awakened a desire to see the "Magic Brain"—to learn more about it—to own it.

A Basic Advertising Discovery

This important principle of the "Crystallizing Phrase" was developed and applied by us years ago—when an automobile was still an awesome mystery to most.

Since that time, the principle has become standard in automobile advertising. Although extremely difficult to achieve, it occasionally flames forth, to win markets and leadership for wise advertisers. Witness "Knee Action"—coined by an advertiser who is not a client of Lord & Thomas. This provocative phrase dramatized an entirely new automotive principle.

In other industries, too, the principle can be applied. A recent example, among our clients, is Frigidaire's "Meter-Miser"—a name given to its cold-making mechanism. This unit is a triumph of mechanical perfection, comparable in importance to the carburetor of a car. "Meter-Miser" instantly conveys the fact that the new Frigidaire is *miserly* with current—that it saves money—that it will be a thrifty servant. No need for long explanations.

The Way to Advertising Profit

Thus true salesmanship-in-print finds answers for the difficult advertising problems of today. The fundamental principles can be applied to every product, in every field of selling, as Lord & Thomas have proved.

LORD & THOMAS • *advertising*

There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London

1936

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